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U.S. STAND 'CONTRADICTS' GROUP OF 77'S ASPIRATIONS

PA231812 Havana International Service in Spanish 0000 GMT 23 Jul 87

[Telephone report by Hector Danilo Rodriguez from Geneva, Switzerland -- live]

[Text] Approximately 2 weeks into the Seventh UNCTAD Conference, which is being attended by delegations from more than 160 countries, the United States has presented an informal document that hit like a ton of bricks those who previously nursed the hope that Washington would assume a constructive attitude in this forum.

The text of that document fully contradicts the opinion and aspirations of the almost 150 countries in the Group of 77 disturbed over the current crisis affecting them. They are expecting clear pronouncements from the UNCTAD leading to solutions in the areas of trade, technology, agriculture, and the foreign debt.

In presenting its viewpoints on development problems, the United States tells poor nations they must adapt to the current world; that if they wish to survive, they must follow the principles dictated by market theory. It warns them that only those governments assimilating this theory will receive aid.

The United States links ingredients for survival in the Third World with giving the green light to transnational corporations, giving incentives to the private sector, following the mandates of the IMF, and implementing the policies of this organization, which led to a popular uprising in the Dominican Republic only 2 years ago.

Concerning the debt, while poor countries demand that debtors and creditors share the burden, the United States calls for debt privatization, which would help U.S. banks use devalued dollars to buy the countries' wealth.

COMMENTARY ON U.S. INVOLVEMENT IN PANAMA

PA231524 Havana International Service in Spanish 2300 GMT 20 Jul 87

["Our America" commentary read by Manolo Ortega]

[Text] The continuation of the destabilizing actions of rightist groups that form the so-called Civilianization Crusade shows that Washington is persisting in its attempt to stop the return of the Panama Canal at the end of this century, and to change the isthmian country's foreign policy, mainly concerning Central America.

On 17 July, the so-called coordinator [as heard] insisted on demanding the resignation of General Manuel Antonio Noriega, chief of the Panamanian Defense Forces, and threatened additional antigovernment demonstrations -- such as the ones held weeks ago that observers likened to the hysterical scenes carried out by the Chilean right against President Salvador Allende.

Even though U.S. Ambassador to Panama Arthur Davis made a public and open show of hypocrisy by stating that relations between the United States and Panama are good, the truth is that the White House obviously uses the sly diplomat to promote the antigovernment campaign.

Panamanian news media have written about the frequent visits and meetings that Arthur Davis holds with the alleged leaders of the Civilianization Crusade, as well as about his busy activities during the last few weeks when the overt activity of those groups reached its highest point.

At the same time, the CIA is attempting to create an international atmosphere of animosity against the isthmian government, and so it makes up stories about electoral fraud, violations, and political crimes, and the participation of Defense Forces officers in drug trafficking.

To do this the CIA has used a very old trick, exposed by the press, where drug traffickers, already under arrest in U.S. territory, are manipulated to testify against Panama, in exchange for a reduction in their jail sentences.

What the White House is really after -- and this is the consensus of political observers -- is to bring about a change of government observers -- is to bring about a change of government in Panama, so that the Torrijos-Carter Treaties which call for the end of the U.S. presence by the beginning of the next century, can be avoided or at least modified. If this objective were reached, it would ensure the permanence of the U.S. Armed Forces Southern Command on the isthmus, with a complete aggressive infrastruture targeted at the Sandinist Revolution and the Central American and Caribbean liberation movements, and at the same time it would exert a noxious influence over the rest of the continent.

Everything seems to point to the conclusion that Washington's intervention may grow in the next few months and it will only be the Panamanian people's anti-imperialist feelings -- already proven on many occasion -- together with continental solidarity, that will stop these aggressive intentions.

NICARAGUA CREATES ANTI-APARTHEID COMMITTEE

PA210002 Havana International Service in Spanish 2300 GMT 18 Jul 87

[Report by special correspondent Alberto Martinez from Nicaragua]

[Text] Greetings to our dear listeners. The creation of the Nicaraguan Anti-apartheid Committee was announced in Managua Saturday. Present at the ceremony were Oliver Tambo, president of the African National Congress of South Africa, and Bayardo Arce, vice coordinator of the FSLN Executive Commission.

The Anti-apartheid Committee is headed by Nicaraguan Foreign Minister Miguel D'Escoto and eight other personalities in addition to humanitarian, religious, and educational institutions of that Central American country.

During the ceremony, the committee's president, Foreign Minister D'Escoto, condemned the segregationist Pretoria regime and expressed his solidarity with the long-suffering South African black people.

[Begin D'Escoto recording] It is indeed a great honor to be a member of this committee. We believe there is nothing as shameful and disgraceful in mankind's conscience as the continuation of this evil, inhuman system, which really should have never existed, or in any event should have disappeared already. It would have disappeared, were it not for the complicity and support received by the white, racist regime of South Africa from powerful and rich Western countries. We commit ourselves before our Nicaraguan people and before our brothers and sisters in South Africa, in the presence of President Oliver Tambo, to spare no efforts in struggling, helping, and contributing to all the liberating efforts to eliminate this system once and for all from the face of the earth. [end recording]

Meanwhile, Oliver Tambo expressed his satisfaction for the opportunity to visit Nicaragua and stressed the unity of action and struggle of Latin American and African peoples against imperialism and apartheid.

[Begin Tambo recording in English, simultaneously translated into Spanish] We deeply appreciate the support the government and the people of this country and the party are giving to our struggle against apartheid, a crime against mankind. We wish we could reciprocate this support. The formation of an anti-apartheid committee in Nicaragua, which is involved in a struggle in defense of its independence, is most significant for the people of South Africa. It demonstrates the (fact) that we have a common enemy, that we are fighting for the same objectives: freedom, human dignity, independence, sovereignty. All of this [words indistinct] we are denied in South Africa and Namibia. [end recording]

Oliver Tambo will be present tomorrow at the main ceremony commemorating the 8th anniversary of the triumph of the Nicaraguan revolution, which will take place in the city of Matagalpa, where 50,000 people will gather. Tambo will be decorated with the Carlos Fonseca Amador Order granted by the Nicaraguan State Council.

CASTRO MESSAGE ON SANDINIST REVOLUTION ANNIVERSARY

PA231733 Managua BARRICADA in Spanish 22 Jul 87 p 5

[Letter from President Fidel Castro to Nicaraguan President Daniel Ortega and members of FSLN National Directorate; date not given]

[Text] Dear Comrade Daniel Ortega Saavedra Commander of the Revolution, President of the Republic of Nicaragua, and Coordinator of the Executive Committee of the FSLN National Directorate

Dear comrades of the FSLN National Directorate:

On this glorious commemoration of the 8th anniversary of the victory of the People's Sandinist Revolution, I wish to convey to you and to the Nicaraguan people our most fraternal congratulations and our people's admiration and recognition for your sucesses in the heroic struggle you are waging to defend Nicaragua's independence and sovereignty.

The Sandinist revolution has reached this anniversary with the determination to defeat the war of aggression organized, directed, and financed by the U.S. Government; a war requiring the allocation of substantial human and economic resources to confront this criminal policy, which violates the most elementary principles of international law.

Under these circumstances and because of the persistent economic embargo resulting from this policy, Nicaragua is facing a difficult situation demanding the broadest possible solidarity from all peace-loving people in the world. We know the Sandinist government is making serious efforts to meet the basic needs of the population and to make progress toward the country's development. You may always count on our fraternal cooperation in these efforts.

The Nicaraguan people have become an example to the Latin American peoples and the world by bravely fighting the most powerful empire humanity has ever known with the firm determination to fight to the end in defense of the most noble principles of justice and liberty. Your children's sacrifice in this cruel and unequal battle also contributes to the common defense of the integrity of the Latin American homeland and represents a decisive contribution in the struggle for peace in the region and the world.

Because of their great achievements in the struggle to defeat the Somozist and mercenary bands and the internal reactionaries, and because of their great sacrifices, we send a revolutionary greeting to the EPS; to the militias; to the rural and urban workers who, in the production trench, are a firm rearguard against the enemy in the struggle against the economic embargo imposed by U.S. imperialism; and to the mothers, wives, and children of the martyrs and fighters who firmly support the Sandinist revolution's efforts to achieve the future dreamed by Cesar Sandino and Carlos Fonseca Amador.

Convinced the ties of brotherhood and solidarity binding our peoples will grow stronger every day in our common struggle against Yankee imperialism and for peace and economic and social development in our countries, I reiterate to you the Cuban people's fraternal and unflinching support.

A strong revolutionary embrace.

Fidel Castro Ruz.
President of the Council of State and of the Government of the Republic of Cuba.

HAITI

SHOTS FIRED AT CROWD; WOMAN SERIOUSLY WOUNDED

FL232125 Port-au-Prince Radio Haiti-Inter in Creole 1600 GMT 23 Jul 87

[Excerpts] [monitored in progress]... demonstration had begun quietly in front of Perpetuel Secours Church. A few women -- perhaps some 20 women -- gathered. They were beating their little drums, dancing a little, singing gently, etc. Then people began to gather and started off along Rue Saint Martin. They went to the Grand Rue, in the Tete Boeuf Market area up Rue Docteur Aubrey heading for the offices of Attorney General (Parquet), because, as they had said, they were going to hold a sit-in there, so they could talk to Mireille Pluviose.

The military were waiting for them in front of the attorney general's office. They were wearing their helmets and carrying their shields and their weapons to fire tear gas. There was a lieutenant there, who indicated it was all right for the people to come on by -- that he was not going to fire. There were many many foreign journalists present -- some on rooftops taking pictures. So it seems like yesterday's intimidation had no effect today.

There were many people who thought that the military were going to shoot, because the crowd coming was something else! It was a dense crowd. They were walking and heading for the offices of the attorney general, singing, chanting double-entendres, ...[interrupted] Yes, you were saying?

[Woman identified as Gigi] Was that crowd bigger than yesterday's?

[Man identified as Sonny] I would say the demonstrations held earlier were nothing compared to today's. It was huge. There were lots of people in the streets. The men came to support the women. I have the impression that, [rephrases] I must say there were as many men as women. The demonstration was going up Rue Pavee. There were people standing near the Capitol Theater, near the Petit Seminaire Saint Martial.. They didn't know what direction they would be going in, but they were standing by at the corner of Rue Montalais, and singing and slinging out double-entendres. But a man came out of the crowd. He pulled a gun and started shooting. It looks like he had 12 bullets in his gun because he shot like a madman. And if you look, you can see the bullet holes all over the Boite a Musique's Walls -- The one they just built, Raoul Denis's shop. They were unable to catch him. It seems he has escaped for the moment. But he shot a woman, who fell to the ground. She is seriously wounded. They took her away. There are people who say they know who the man is and they went up to Ave Pouplard to find him at home. I hear that right now shots are being fired and rocks are being thrown, etc., on Ave Pouplard. It is an area you cannot transit right now.

[Gigi] Yes, Sonny, precisely. There are people from Ave Pouplard who said there was a problem in connection with someone called "Gros Henri".

[Sonny] And I think if he hadn't started shooting, the demonstration would have gone off quietly, because the military around the Attorney General's Office had no intention of shooting today at all. The crowd passed. They shouted sharp words but nothing happened. But when the march reached the top of Rue Montalais this man startd shooting. [passage omitted].

[Gigi] So Sonny, you tell me there was a man in the crowd with a weapon in his hand who started...

[Sonny, interrupting] He was in civilian clothes.

[Gigi] Uh-huh. And then what happened?

[Sonny] So he fired. As you know, bullets have no eyes. People took shelter. They fell to the ground, threw themselves down. He shot all over the place. And like I said, it was a handgun. I have trouble understanding because as soon as he quit shooting the people got up to grab him. But he still had bullets. He shot and shot. Then he ran off and hid (?in "Recherches") [Recherches Criminelles Palace]. But the people knew where he lived. They say he is a former macoute. They said they have no problem and headed directly for his house to attack it.

[Gigi] So the demonstration broke up.

[Sonny] We can say the demonstration has broken up. It has stopped. There are small groups of people, standing on porches near the Capitol Theater, the Bank of Paris, and the former stide of the Lincoln Supermarket. So people are standing around in the street in small groups, talking, but there are no more demonstrations. It broke up after the incident. But if the demonstration continues, it looks like the rest of the demonstration is going to be at this man's house.

[Gigi] So you say he is being attacked in the Pouplard area? Do you know if there is any shooting going on, any problems in the area?.

[Sonny] Oh yes. I didn't go near the area because there are a lot of rocks being thrown. People also say there is shooting going on. It seems there are some armed men in the area who are causing disorder.

[Gigi] Thank you, Sonny.

Five People Wounded

FL232207 Port-au-Prince Radio Haiti-Inter in Creole 1600 GMT 23 Jul 87

[Text] [Announcer] We have with us Jacques Price, who has the names of the people wounded in the incident during the demonstration. Jacques?

[Jacques] Well, Gigi, we just checked with the hospital. Here are the names of the people wounded today during the demonstration. These people were shot. There is a woman called Yolaine (Lade). She caught a bullet too. There is Edlyne Noel, Hubert Bien-Aime, Donald Joseph, and Clifford Dominique. All these people were shot. They all say a certain "Toussaint", who works in the narcotics division and who was in civilian clothes, shot at them.

The demonstrators -- and our reporters -- went to confirm this with major (Saint Beck) who works for the Criminal Investigations Office. He said that there is indeed a person named Henri Toussaint who used to work for the Criminal Investigations Office, but that the person had been transferred to the narcotics office. And that they were going to verify, the Criminal Investigations Office said, whether or not it was he who had fired upon the demonstrators.

Also, our reporters on the scene told us they had seen Jean-Max Blanc this morning at the police station. They saw him sitting on a bench -- apparently in good shape -- and they exchanged a few words with him and learned he was going to be sent before the civil court's prosecutors office. This is what our reporters currently on the scene told us.

COALITION CALLS 5-DAY STRIKE FOR 3 AUGUST

FL232145 Port-au-Prince Radio Lumiere Network in Creole 1330 GMT 23 Jul 87

["Note" issued by the Coalition for the Final Struggle]

[Text] The government is manuevering to make all the children of the Haitian masses miss the school year. We have heard they have made arrangements with all the children of the macoutes to hold the high school final exams on Monday, 3 August. This cannot be.

Let's all show our solidarity with the students who are children of the masses. This is the first time we see all the nation's youths working to build the nation despite the threats and dangers hanging over their heads. All the children have already spoken. They said they are not going to take these exams as long as the CNG is in power. They have joined their parents' struggle without anyone making them do so. Today, at a time when certain people are plotting to ensure that these children will be nobodies in life, let's show solidarity with the young people. They deserve it.

For this reason, we announce we are calling a nationwide strike to begin on 3 August and last until midnight on 7 August. We invite all democratic and socioprofessional organizations, unions, federations, neighborhood committees, church committes, and politial groups and parties who are on the side of the masses to show solidarity with the students during all strike days. We ask commerce, industry, and all private and public sectors to remember that the battle for democracy we are waging is for the benefit of the entire nation. So it would be wonderful if they would join us in that 5-day strike so it might be a success. Let's show solidarity so "Operation Pull Up Stakes" will be a total success.

Meanwhile, we will support any other more rapid and more effective means the people may choose to attain freedom.

Long live the Constitution of 1987! Long live Haiti for all Haitians!

Signed by Reverend Sylvio C. Claude, for the Haitian Christian Democratic Party; lawyer Max Dubois, for the National Haitian Unity Party; Reverend Jean Charles Renelus, for PDLJJD [expansion unknown]; Mr Ben (Lasontay), for (PBNH) [expansion unknown]; and lawyer Yves Volel for Christian Democratic Assembly.

WASHINGTON BLAMED FOR ATTACKS AGAINST PRESS

FL232247 Port-au-Prince Radio Lumiere Network in Creole 1330 GMT 23 Jul 87

[Excerpts] Let's not joke about serious matters. Yesterday afternoon, the war against the press was brazenly resumed in Haiti. Vis-a-vis the heavy-caliber weapons of the Army and the police, the journalists, who were doing their job, had to stop and stand with raised hands, merely because they were present to see the way the military were destroying the journalists' equipment. All journalists, both male and female, should be aware that the muzzle is beginning to be tightened again. We must protest, so the hope for a better life can continue to blossom and entice Haiti forward. [passage omitted]

According to many observers, yesterday's events really showed there is no longer any possibility for the Haitian people to negotiate with the provisional National Government Council [CNG]. The CNG is now playing its final card, using the last means remaining, to see if it can get out of this situation. Only the national television staion's equipment was left undamaged in the Army's sabotage yesterday. And yet they were there, covering the demonstration. [passage omitted]

All their equipment was seized. They were handcuffed. They were arrested. Their stuff was broken. This was done to both Haitian and foreign journalists. No one sent word. They were able to see it with their own eyes. [passage omitted]

Gerard Georges explained how it happened that the press was attacked. He also explained how the press is always considered the enemy everywhere there is a dictatorship. The press attacked: Gerard C. Noel [as heard] explains this for our reporter (Romero Saint Vil):

[Noel] I'll tell you something. First of all, no dictator likes journalists. A journalist is always the enemy, is always the scapegoat of all dictators. That's classic. That's classic [repeats himself]. And there's something else. You know, freedom of the press is the cornerstone of all democracies. The press molds national and international public opinion. That's why Duvalier, in order to maintain his regime, what did he do? What did you see him do? He muzzled, assasinated, and exiled all journalists. So, for 28 or 29 years, while they killed 120,000 people, there were no journalists in Haiti and the press was unable to denounce the regime. International public opinion was, I could say, unaware of what was going on in Haiti. So (?these guys) -- you know, there are a series of reports, for example, that are very important. Freedom of the press in Haiti has got to have Washington's approval, whether we like it or not, geographically speaking. Now, the U.S. State Department is one thing and U.S. public is another. When, for example, they act arbitrarily -- get me? -- assasinate journalists -- kill journalists -- for example, there is a genocide going on, with 9-month-old babies dying -- it is thanks [rewords] how does the U.S. public find out about it? Thanks to the Haitian press. So, I think it is part of their strategy. They have to muzzle the press and assassinate journalists, so they can do the disorderly things they want to do.

[?Saint Vil] I think it was not only Haitian journalists who were victims in the recent incidents. French and American journalists were also affected.

[Noel] Well, that's the problem. It's historical, you see? It is a historical process. So, they have to do this, you see? They had to do it. They had to strike against the Haitian press. They had to strike -- do you see it? -- for example, the French journalist, in order for international public opinion to see the real face -- do you see? -- of General Namphy's regime. So you can see what is in power is a military dictatorship. Now, there is something that has happened.

The problem now is that [rewords] what is Washington's responsibility in all this? That is the question I am asking. And that is what is going to end up [words indistinct]. Do you see? The greatest accent on the anti-Americanism that is spreading across the country. Now, for the poor masses, for the Haitian people. Do you see? It is Washington -- do you see? -- that is tolerating the CNG here. It is an unpopular government, which is cut off from all the nation's vital forces. Now, for international public opinion, you see, it is Washington that is keeping -- do you see? -- the CNG in power. And, at the same time, the CNG is also what communism requires.

[Saint Vil] OK, these incidents that are taking place now -- attacks on the press, attacks on the democratic sector -- what do they tell you?

[Noel] For me, it's quite clear. It is classic. I have already said this is not a vote-catching movement we are seeing. It is a historical movement. From (?1936) to 1946, we said, the upper class was dominant in all avenues of power. In 1946, the upper class lost some power and the middle classes took power. Do you see? They came to power. From '36 to '47 -- that is 11 years -- do you see the balance sheet? The balance is negative. A balance [words indistinct], if I may put it that way. Do you see? So, the middle classes failed. Now, the problem is that they -- you see? -- have had their chance. So, now, the (?rank and file) that you see running around in the streets I do not believe are being pushed by agitators. It is a historical process. The proletariat is demanding to be given a chance at power.

[Saint Vil] If I understand you correctly, it is the poor and ignorant, the people, who have been suffering since 1804, who want to take power?

[Noel] Yes, yes. They are frustrated, and now they are demanding to have their power. And if anyone were to resist -- if you refuse to make concessions -- they will take power totally, and you will lose everything.

JAMAICA

'PEACE' TALKS BETWEEN SEAGA, MANLEY CANCELED

FL222156 Bridgetown CANA in English 1822 GMT 21 Jul 87

[Text] Kingston, Jamaica, July 21, CANA -- An opposition-inspired demonstration in Jamaica's key north coast tourist centre yesterday forced the cancellation of scheduled "peace" talks today between the Prime Minister Edward Seaga and the leader of the main opposition People's National Party (PNP), Michael Manley.

The PNP-sponsored roadblocks and burning debris, which the chairman of the ruling Jamaica Labour Party (JLP) Bruce Golding described as "reckless action," forced several tourists to miss their flights or cancel sight-seeing tours, officials said.

The PNP-inspired Seaga-Manley talks were to be a high point in continuing dialogue between this Caribbean tourist island's two main parties to produce a code of conduct aimed the lessening political tension and violence in forthcoming general elections here. [sentence as received]

Golding said that a meeting now between the two party leaders "would be premature in view of the gaping hole which has been left in the spirit of the recent discussions." He indicated, however, that lower-level committee members were ready to resume the discussions.

PNP Chairman P.J. Patterson was expected to issue a response today, but a party spokesman said: "This action (by the JLP) and the reluctance with which we got the JLP to come to the talks suggest that they didn't want them in the first place." "The talks are about curbing violence, not ending political activity. Next we will hear that elections will hurt the tourist industry so we can't have elections," the spokesman added.

The demonstrators were protesting what they charged was a politically partisan allocation of recently-build houses at a new government development. The PNP claims that of 132 houses at Steer Town, near to the tourist resort of Ocho Rios, 78 were allocated to "front-line" JLP supporters and the remaining 54 were handed over the National Housing Trust (NHT) for distribution on a competitive basis.

POLL SHOWS LABOR PARTY GAINING ON OPPOSITION

FL222010 Bridgetown CANA in English 1602 GMT 20 Jul 87

[Excerpts] Kingston, Jamaica, July 20, CANA -- Michael Manley's opposition People's National Party (PNP) maintains a 15 per cent lead over Prime Minister Edward Seaga's Jamaica Labour Party (JLP) in voter preference here, although the JLP narrowed the gap by one point between January and June, according to the latest opinion poll on party standings.

Pollster Carl Stone's survey done in early June showed a PNP support of 49 per cent among all voters, against 34 per cent for the JLP and 17 per cent uncommitted.

This meant that the JLP picked up two points since the previous survey in January and the PNP one point.

Converted to a two-party vote this result would predict a 59 per cent PNP majority and a 41 per cent JLP vote islandwide, said Stone, whose poll for the GLEANER newspaper sampled 1,240 persons in 64 communities in all parishes here.

The estimated sample error is plus or minus four per cent.

Stone said PNP supporters were anxious for early elections as they have clearly made up their minds already. [passage omitted]

Stone said there were consistently low levels of JLP support in the 14 parishes, except Clarendon (South Central), St Thomas (East) and parts of St Catherine (South).

These were the parishes where the JLP had it best performances in the municipal elections.

However, the PNP would be handicapped if it lost from its leadership the charismatic Manley. Manley earlier this year had intestinal surgery, but is now back at the helm of the PNP. During his absence the day-to-day leadership was conducted by former foreign minister, P.J. Patterson.

According to Stone seven per cent of the PNP supporters said they would not vote if Manley was unable to lead the party.

That remaining 42 per cent PNP support would reduce the PNP two-party majority from 59 per cent to 55 per cent and ensure a more competitive election in which the leadership issue could conceivably increase JLP voter support in a more tightly fought election, the pollster said. [passage omitted]

Stone said faith in Seaga's leadership, as well as his policies, was the major reason given for voting JLP.

Combined, the feeling that Seaga was doing a good job (32 per cent) and a belief that the economy was improving (22 per cent), accounted for over half of those who said they would vote JLP.

Some 26 per cent said they would vote for the JLP because the PNP could do no better.

Among PNP supporters, the major reason for voting for that party (26 per cent) was that the conservative JLP was not for the poor.

Following closely at 25 per cent was the view that the government's performance was poor, while 14 per cent each said that the people were suffering too much and that the JLP was in power for too long and should not win a third term.

Stone said that reasons for wanting to vote PNP seemed to be anchored more in alienation from the JLP and its policies than on any strong faith in PNP policies and leadership.

The real implication is that commitment to voting PNP involves both strong feelings of rejection toward the JLP, as well as hope and optimism that the PNP can do much better, he said.

ARIAS TO TOUR CENTRAL AMERICA 26-27 JULY

PA231519 San Jose Radio Reloj in Spanish 0000 GMT 23 Jul 87

[Text] On 26-27 July, President Oscar Arias Sanchez will visit the Central American countries in a final effort to achieve a consensus to ensure a successful Guatemala summit. The objective of the trip is to sound out each president's view prior to attending the multilateral meeting to be held in Guatemala 6-7 August.

Arias Sanchez said he wants to find out the prospects for reaching agreement on some points, and whether there is disagreement on all points and that it will be very difficult to analyze. [sentence as heard]

President Arias Sanchez said: I think I am dutybound to make every possible effort to ensure the Guatemala summit will be held. However, he said this does not mean Central American peace will be achieved but that Costa Rica has made every to achieve consensus and agreement. The president said he would feel very badly, he would have a guilty conscience, and one day the world would reproach him, if he does not make every effort to have Costa Rica's peace plan at least [words indistinct] the other Central American presidents.

President Airas Sanchez said that if there is no flame of hope for peace, it would be tantamount to saying: Let us continue fighting and killing each other. That would be very serious for Central America and would go against reason, Christianity, and all our values, he added. He said that [words indistinct] return to Contadora but if we cannot reach agreement on a 2-page proposal, how could we reach agreement on something that is as long as a bible. In this way, the president was referring to the Contadora peace act. He said that despite the best intentions, when one wants to cover everything, one will not cover the essential basic things, which are democracy, a [words indistinct], (?amnesty), and willingness to hold dialogue.

BRIEFS

CURRENCY DEVALUATION -- The colon has suffered its 11th devaluation compared to the dollar during 1987. The Central Bank board of directors agreed on Wednesday to fix the sale of dollars at 63.10 colones and the purchase at 62.35 colones. The colon devaluation was 0.35 colones, the average of the latest devaluations. The colon devaluation follows our country's exchange policies to enable it to face increases in U.S. inflation. [Text] [San Jose Radio Reloj in Spanish 1200 GMT 10 Jul 87 PA]

FMLN DETAILS 54 ARMY CASUALTIES, SEIZED MATERIEL

PA231318 [Editorial report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 2300 GMT on 20 July broadcasts battle reports about clashes, and enemy casualties:

"At 0700 on 20 July, Lempa Battalion suffered 15 casualties, including dead and wounded, at the Francisco Sanchez Front when a truck was destroyed by revolutionary mines." The action reportedly occurred on the coastal highway, near Los Frailes, Jiquilisco, Usulutan Department.

Also at 0700, according to the radio, FMLN men ambushed Military Detachment two troops on the road leading from Sensuntepeque to San Isidro, Cabanas Department. "As the result of this ambush, the enemy suffered 10 casualties, including dead and wounded."

In addition, the station reports from the Anastasio Aquino Front: "At 0100 on 20 July, FMLN guerrillas attacked an enemy position guarding Radio Nacional, the booster station of misinformation, at (Tepiste), (Yatepechu) Jurisdiction, Cabanas Department." The attack resulted in "five casualties, including dead and wounded." The radio station and the police barracks were also reportedly destroyed. Rebels were said to have recovered "8,600 7.62-cal rounds of ammunition, 4 G-3 rifle clips, 3 G-3 rifles, grenades, and 2 military knapsacks."

Finally, the rebel station reports that a truck carrying 5th Infantry Brigade troops was attacked with three grenades near the Amacuapa turnoff on the highway leading from San Vicente to the Jiboa sugar mill. The enemy "sustained 14 casualties, including dead and wounded." This reportedly took place at 0930 on 18 July. The truck was completely destroyed.

GUERRILLAS BLOW UP BRIDGE ON COASTAL HIGHWAY

PA221949 Paris AFP in Spanish 1911 GMT 22 Jul 87

[Text] San Salvador, 22 Jul (AFP) -- The Salvadoran guerrillas early this morning blew up a bridge on the Coastal Highway, one of the most important roads linking the capital with the country's eastern region.

The bridge over the Jalponga River is the second to be blown up by the insurgents in 1 week. It is located on Km 44 of the Coastal Highway, between Santiago Nonualco and San Luis La Herradura.

According to the official reports, the action occurred at 0200.

Workers have been sent to the bridge to try to reroute traffic on the highway.

On Friday, FMLN members partially destroyed a bridge in San Buenaventura, Usulutan, also in the eastern region.

Today the rebels also dynamited three electrical towers in Santa Anita Canton, on the Pan-American highway in eastern El Salvador, leaving several towns without electricity.

REBELS ATTACK ARMY UNITS IN USULUTAN

PA171909 [Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 2300 GMT on 15 July broadcasts a string of 3-minute reports on recent FMLN military actions.

The first of these says that on 14 July, FLMN rebels attacked Arce Battalion units in San Sebastian Canton, Nuevo Eden de San Juan Jurisdiction, San Miguel Department, inflicting "two casualties on the puppet Army, including lieutenant and a soldier, who were seriously wounded." The report says that after the attack "the cowardly troops retaliated with indiscrimate 60 and 90-mm mortar fire over densely populated areas." In notes that the casualties produces by this action were not reported.

The next report details a 13 July action, during which FMLN rebels attacked a unit of the 6th Infantry Brigade on the coastal highway, near a location "known as the fifth jurisdiction of Jiquilisco," in Usulutan Department. "The enemy troops sustained one casualty," the report states. It continues with another action staged on that same day, when "guerrilla and underground militia units" blew up eight power pylons in Gualuca Canton, on the coastal highway, in San Miguel Jurisdiction. This report ends by saying that also in 13 July, a unit of the 3d Infantry Brigade clashed with rebels, who inflicted one casualty on the government troops.

EL DIA INTERVIEWS RUBEN ZAMORA ON DUARTE, U.S.

PA132014 Mexico City EL DIA in Spanish 2 Jul 87 p 12

[Report on interview with FDR leader Ruben Zamora by Sergio Ferrari in Managua; date not given]

[Text] Managua, 1 Jul -- The development of the war in El Salvador -- detailed in the first part of this interview -- is closely linked to the sociopolitical situation in Salvadoran society. The task of Napoleon Duarte "is not running a democratic government. Instead, it has become the political component of a counterinsurgency plan" promoted by the U.S. Government. This was stated by Ruben Zamora, one of the most well-known leaders of the FDR, which together with the FMLN are the main opposition force to the Salvadoran regime.

The decay of the partisan-electoral system, the own internal dynamic of each opposition front, and the current status of the alliance are not omitted in the deep and sharp analysis by the opposition leader.

This review of current Salvadoran politics is presented as a necessity -- we do not want to call it a condition -- to understand in its real dimension, this particular situation, which is unique in the continent, that this Central American nation is enduring.

[Ferrari] How does the FDR-FMLN describe the government of Napoleon Duarte? What is the current situation of the Christian Democratic plan in the government?

[Zamora] The characteristic of the national situation is the increasing deterioration of the Napoleon Duarte regime. The structural task performed by Duarte is not that of a democratic government. Rather, it is the political component of a political-military counterinsurgency plan promoted by the United States. Therefore, Duarte's role is to provide legitimacy to the military counterinsurgency effort, at the national and international levels. Thus, the political attrition the regime is experiencing is extremely important because in this sense, it deprives the U.S. military effort in El Salvador from its legitimacy. The symptoms of the attrition are: losing the organized social bases, which are practically split and immobilized; second, an increasing and stronger social opposition to the government; third, the crisis of the entire political parties system and Duarte's incapacity to promote a true policy of alliances with the various social sectors of the country.

Regarding the crisis in the political parties, there are a series of indicators that appeared during the revision of the parties that participated in the counterinsurgency military game. In the far right, there is the ARENA [National Republican Alliance], with serious internal problems among those supporting D'Aubuisson, who is unacceptable to the United States; and Cristiani, who is acceptable to the United States. The National Liberation Party is totally split.

The Christian Democracy is entangled in an internal and obtuse but violent conflict among those aspiring to become president.

[Ferrari] Through whom do the problems inside the ruling party pass?

[Zamora] The contradictions are basically among three groups: Rey Prendes, communication minister; Fidel Chavez, planning minister; and Antonio Morales Erlich, currently the San Salvador mayor. This conflict is also causing attrition to the government. For example, I want to mention what occurred 1 June. Duarte attempted to start a political offensive that would permit him to approach the private sector and get a new image. He had been preparing this plan with one of the groups. However, the internal conflict in the Christian Democracy caused this plan to become open for the participation of the remaining groups. As a result, they came up with 54 measures that have no coherence and that look more like a bag of potatoes.

[Ferrari] However, if it is not really a "third force" and it is not in one of the two opposing plans of the Salvadoran war, how will these unattached forces be articulated with the popular plan?

[Zamora] From the FMLN-FDR's standpoint, we believe that in order for this third force to have political orientation a policy of alliances and agreement between our fronts and the ensemble of unattached forces must be developed. We proposed and set this forth in our dialogue proposal to build a national and popular consensus in the country. It is not a matter of having these forces join the FMLN-FDR bandwagon, but of creating a national consensus that will incoporate the specific interests of these sectors, oriented toward a perspective of power, that is, toward a political solution. [paragraph continues]

We issued a proposal called the six points in July 1986. It would stand as the minimum basis for agreement to attain those objectives. These points essentially set forth a solution between Salvadorans, that is, a national solution, without foreign interference. It is a pluralist solution that will include and express in terms of a provisional government the plurality of forces intervening in this solution.

In addition to a cease-fire upon the installation of that government, [it includes] economic measures, human rights provisions, and public liberties. It also advocates peace for Central America and nonalignment.

[Ferrari] Can you analyze for us the current situation of the FMLN-FDR and the internal dynamics of each one of those two fronts?

[Zamora] It is important to begin with the following: The FMLN is not the military wing of the FDR, and the FDR is not the political wing of the FMLN. What we have is an alliance between two fronts. This means that there is not and cannot be unanimity. If there were unanimity there would be a single party. An alliance exists precisely because there is no unanimity, and there can be no unanimity.

We must say that there are contradictions and minor differences, but in strategic and fundamental matters there is a fundamental agreement: a historic plan to have our country advance.

We must take into account that the alliance has stood for 7 years and that the country's situation has changed. There are therefore new challenges, situations, and needs that we could not foresee in 1980 and which we must resolve now. This naturally created some minor contradictions last year. We held a very deep and broad discussion, which led to the signing of a new FMLN-FDR pact of alliance on 30 November. This pact redefines bases, traits, and strategies, as well as autonomy, the necessary divisions of work between the two fronts, and the mechanisms and internal bodies of the alliance. I believe that right now we are experiencing a situation of taking a step ahead, which is positive in terms of the Salvadoran democratic revolutionary alliance.

The FMLN, for its part, is experiencing a process of unification fo the five guerrilla organizations. As for the FDR, we have said that it is an inalienable right of the FMLN to seek unity. Moreover, we believe that this process of unification is good for the Salvadoran revolution. It must be encouraged because it is good for El Salvador. Within the FDR, our dynamics do not include forming a single organization. Instead, we want each one of the components to have its own personality and to develop its contribution to the revolution to the fullest. These 7 years show that our alliance in the FDR has been good and that it is necessary. The siren calls and the Reagan administration's efforts to try to divide the FDR-FMLN are important. When the enemy becomes preoccupied with dividing you, it means you are causing it problems. We are aware that the U.S. Department of State's policy is to try to divide us. This policy has failed and will continue to fail.

FOREIGN MINISTERS TO MEET IN GUATEMALA, HONDURAS

PA240334 Panama City ACAN in Spanish 1723 GMT 23 Jul 87

[Text] Guatemalan City, 23 Jul (ACAN-EFE) -- Guatemala has officially called the Central American foreign ministers to two meetings prior to the regional presidents' "summit" slated for the 1st week of August, the Foreign Ministry announced today.

Foreign Minister Mario Quinonez Amezquita said that on "Wednesday, I sent a telex to the Central American foreign ministers reiterating the invitation for a meeting in Honduras and another one in Guatemala."

Quinonez Amezquita said that "as of now, we have not [as received] received any answer on attendance at these meetings, because [as received] Honduras is proposing that the first meeting -- with the participation of the Contadora foreign ministers -- be held on 30 - July in Tegucigalpa."

The Guatemalan foreign minister added that, "however, it [Honduras] has not confirmed if it will attend the meeting slated for 5 August, 1 day prior to the "Esquipulas II Summit,' in Guatemala."

He emphasized that El Salvador has confirmed its attendance at the two meetings, "but we have not had any official confirmation from Costa Rica, Honduras, or Nicaragua."

It was reported on Wednesday in San Jose that the Nicaraguan Government had agreed to participate in the second foreign ministers' meeting prior to the "summit, without Contadora," but this report was denied shortly afterward by Managua, which reconfirmed its position today.

When emphasizing "that the Guatemalan Government is making efforts to ensure that te Central American presidents' meeting will be held on the scheduled date," Quinonez Amezquita said "we will attend any meeting regardless of whether Contadora attends."

He explained that the Guatemalan Government, headed by Christian Democrat Vinicio Cerezo, "has demanded that the Contadora foreign ministers be present, although it feels their presence would be advisable." [sentence as received].

Venezuelan Foreign Minister Simon Alberto Consalvi announced in Caracas that the foreign ministers of Central America and of Contadora (Colombia, Mexico, Panama, and Venezuela) will meet in Honduras on 31 July.

The diplomatic meeting will exclusively analyze the peace plan proposed on 15 February by Costa Rican President Oscar Arias, and the presidential "summit" on 6-7 August in Guatemala City.

President Cerezo emphasized today that the "Esquipulas II" meeting has been confirmed, and that the leaders of the region will attend the meeting, because to do so "an irreversible obligation."

NICARAGUA'S TINOCO CONFIRMS ATTENDANCE AT SUMMIT

PA240311 Panama City ACAN in Spanish 0213 GMT 24 Jul 87

[Text] Guatemala City, 23 Jul (ACAN-EFE) -- Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco met today with Guatemalan President Vinicio Cerezo to "ratify" President Daniel Ortega's attendance at the Central American presidential "summit" in August.

Tinoco, accompanied by Nicaraguan Ambassador to Guatemala Ricardo Zambrana Diaz, met with President Cerezo at the Presidential Palace for 1 hour.

Ambassador Zambrana said that "Nicaragua will participate in all the foreign ministers' meetings," prior to the Central American presidential "summit" that will take place in Guatemala City on 6-7 August.

Deputy Foreign Minister Tinoco stressed: "Nicaragua was the first country in the region that insisted upon holding a presidential meeting." This is the second visit by Tinoco to Guatemala in less than 2 months.

The Guatemalan Government did not announce the arrival of the Nicaraguan official nor make any statements on Tinoco's meeting with President Cerezo.

When leaving the Presidential Palace, Tinoco told ACAN-EFE that "on this occasion Nicaragua ratified its attendance at the foreign minister's meetings and the Esquipulas II summit."

Guatemala yesterday called for one foreign ministers' meeting in Tegucigalpa, Honduras on 30-31 July, and for another in Guatemala City on 4-5 August.

However, Tinoco pointed out that "Nicaragua will attend the presidential meeting with or without the earlier foreign ministers' meetings."

Three hours after his meeting with Tinoco, President Cerezo met with General Fred Woerner, chief of the U.S. Southern Command stationed in Panama, who was accompanied by U.S. Ambassador to Guatemala Alberto Martinez Piedra.

Gen Woerner left the government palace without making statements to the press on the purpose of the visit to Guatemala or the topics discussed with President Cerezo.

NICARAGUAN DELEGATION DISCUSSES ARIAS PLAN

PA230432 Guatemala City EL GRAFICO in Spanish 20 Jul 87 pp 4, 9

[By Amafredo Castellanos]

[Text] The leadership of the Nicaraguan Democratic Coordinating Board [CDN] will visit Guatemala today to try to meet with government officials. The visitors will also host a news conference to announce their stand concerning the "Arias" peace plan, the forthcoming Central American summit, and the situation prevailing in their country.

The CDN leadership is visiting us in the last leg of a tour through Central America. It was said that they have met with each one of the presidents of the other Central American nations.

The CDN is made up of all the parties opposing the Sandinist regime, two trade union central organizations, private businessmen, and professional sectors.

It was also said that CDN president Carlos Huembes, a trade union leader who is the secretary general of the Central Organization of Nicaraguan Workers, is leading the visiting delegation.

URNG COMMUNIQUE CALLS FOR CEREZO DIALOGUE

PA230350 Guatemala City EL GRAFICO in Spanish 18 Jul 87 p 4

[Text] The leadership of the Guatemalan National Revolutionary Unity -- URNG -- has reiterated its proposal to President Vinicio Cerezo to "build peace and democracy on the basis of a national dialogue."

In a press communique sent to this newspaper, the URNG stated that its willingness to hold a dialogue "is not a show of weakness, fear, or the result of military defeats. Our call to dialogue responds to the wishes of the various social, political, popular, patriotic, democratic, and revolutionary sectors; and to the hopes of those who watch us with concern and uneasiness from abroad."

However, it stated, "the government has not responded to the popular outcry, and it has only admitted the possibility of a dialogue when it has had no recourse in the presence of democratic forces and governments."

As is well known, the government has indicated that it would agree to a dialogue with the rebels provided they give up their weapons.

In view of the government's position, the URNG has responded that "to demand we lay down our weapons as a precondition for beginning a dialogue is deceitful, contradictory, and runs counter to history."

FOREIGN MINISTRY REQUESTS BORDER TALKS POSTPONEMENT

PA231300 San Pedro Sula LA PRENSA in Spanish 20 Jul 87 p 3

[Text] Tegucigalpa -- Foreign Minister Carlos Lopez Contreras has announced that Honduras has requested the postponement of negotiations on border delimitations with El Salvador, which were originally scheduled for October.

The foreign minister explained that our country made the decision because during that month Honduras will undergo the oral portion of a court case with Nicaragua, and the same advisers working on the case with El Salvador are also working on the case with Nicaragua.

As is well known, direct talks between representatives from both countries failed to reach an agreement regarding the border delimitations; therefore, the case was sent to the International Court of Justice at The Hague.

The foreign minister said that our country is willing to attend any meeting to try to achieve peace in Central America; he added that no date has yet been set for the Central American presidential summit meeting or for the foreign ministers' meeting. Lopez Contreras said he hopes there is a commitment from the rest of the countries to review beforehand all matters that may be studied in the presidential meeting.

"They should know we are willing to attend a foreign ministers' meeting any time, and we are willing to become hosts for the other colleagues in the area," the foreign minister said.

AIR FORCE FIGHTER PLANE CRASHES AT LA CEIBA

PA231525 Panama City ACAN in Spanish 1447 GMT 23 Jul 87

[Excerpt] Tegucigalpa, 23 Jul (ACAN-EFE) -- Official military sources have reported that a Honduran Air Force "Super Mystere" jet fighter plane crashed today at the Atlantic port of La Ceiba and its pilot apparently died in the crash.

Residents of Mejia District, in the area where the plane crashed, reported that the pilot maneuvered several times to land the plane in an old airfield nearby in an attempt to avoid crashing into a group of houses.

It was also reported that the plane caught fire while in flight and exploded before falling to the ground. For this reason, the wreckage was scattered over some 100 square meters.

Air Force helicopters supported by military ground personnel rescued a body, which was completely burned, and kept the fire from spreading to nearby houses. [passage omitted]

ORTEGA PREVIEWS ARIAS VISIT, PRESIDENTIAL SUMMIT

PA231829 Managua Domestic Service in Spanish 0300 GMT 23 Jul 87

[Text] Today, Nicaraguan President Daniel Ortega Saavedra confirmed that his Costa Rican counterpart, Oscar Arias Sanchez, will visit Managua next Sunday. In Nicaragua Oscar Arias Sanchez will begin a tour to the five Central American countries to promote his peace plan and to learn where each president stands on his project. President Daniel Ortega Saavedra commented on the upcoming visit by the Costa Rican president.

[Begin recording] [Ortega] We have invited President Arias Sanchez to visit Nicaragua. We hope he arrives in Nicaragua at the moment he deems appropriate. He will be welcomed, and we will have the opportunity to discuss all of Central America's problems [words indistinct] Costa Rica and Nicaragua, and the upcoming meeting in Guatemala. As for that meeting, we would have to repeat Saint Thomas' words: Seeing is believing. Although we want the president's meeting to take place, and are working for this, seeing is believing. In the previous meeting on 25-26 June, [words indistinct] it was called off at the last minute.

We are involved currently in a struggle because the United States is against holding the meeting and is applying pressure. We want to have the meeting. However, until all five Central American presidents sit down in Guatemala on 6-7 August, we cannot be certain the meeting will take place. However, [words indistinct] democracy.

[Reporter] Is there any possibility that there will not [words indistinct]

[Ortega] [Words indistinct] I think it would be terrible. [passage indistinct] to talk with the Guatemalan president. [end recording]

TINOCO TO VISIT GUATEMALAN PRESIDENT CEREZO

PA232123 Managua International Service in Spanish 2300 GMT 22 Jul 87

[Text] Victor Hugo Tinoco, the Nicaraguan vice minister of foreign affairs, will go to Guatemala today to meet with Guatemalan President Vinicio Cerezo. The Nicaraguan foreign minister made the announcement, but gave no details. It is believed the meeting is related to the Central American foreign ministers' meeting and in order to prepare the document for the Guatemalan summit to be held on 6-7 August.

SUSPENSION OF U.S. AID 'SYSTEMATIC AGGRESSION'

PA240120 Panama City Televisora Nacional in Spanish 0053 GMT 24 Jul 87

[Text] Robert Sims, Pentagon spokesman, announced a few minutes ago in Washington that the United States has decided to officially suspend its two assistance programs to our country as part of an escalation of systematic aggression to impose its decision of not fulfilling the Torrijos-Carter Treaties.

Now that its plot that uses the Civilianization Crusade as the shock troops has failed, the United States is now taking, before the world, full responsibility for its strategy of destabilization. Its strategy of street disorders and defamation at all levels has failed. For over 40 years, the shock troops tried to disrupt the socioeconomic structures of Panama, but they did not achieve their goals. Now, another phase begins: The phase of trying to strangle the national economy.

Protest reactions have already begun in several Latin American countries and capital cities of the Third World, where consultations will begin to adopt a joint strategy to convoke the OAS and the United Nations to condemn the aggressive escalation by the United States in its determination to foil the Torrijos-Carter Treaties.

Reason for Suspension

PA240042 Panama City Circuito RPC Television in Spanish 2300 GMT 23 Jul 87

[Text] Robert Sims, U.S. Department of Defense spokesman, said in Washington today that the United States has suspended its military and economic assistance to Panama.

That information, which appeared in an ANSA dispatch, pointed out that according to Sims, the United States is still waiting for the Panamanian Government to pay for property damage which the U.S. Embassy suffered during demonstrations that took place on 30 June. According to unofficial sources, those demonstrations were promoted by the Panamanian Government.

Countries 'Condemn' U.S.

PA240427 Panama City Televisora Nacional in Spanish 0330 GMT 24 Jul 87

[Text] Tonight, following the insistent U.S. aggression toward Panama, different Latin American governments reacted with condemnation. Reports from the north say OAS and UN representatives are considering a possible emergency meeting to condemn the U.S. attitude of suspending its two aid programs to Panama. Notwithstanding this, the United States has shown no interest in indemnifying Panama for its persistent defamation campaign, brought about by the plot led by the National Civilianization Crusade.

'YELLOW SUBSTANCE' RELEASED IN PANAMA CITY

PA240113 Buenos Aires REUTER in Spanish 0024 GMT 24 Jul 87

[Text] Panama City, 23 Jul (REUTER) -- A strange yellow substance that produces effects similar to those caused by tear gas was used today to disperse anti-government demonstrations in downtown areas in Panama City.

The substance appeared enigmatically early in the morning over some ten blocks on 50th Street, in the exclusive banking center district.

Fiftieth Street, one of the busiest streets in Panama City, had almost every day been the center of protests demanding the ousting of General Manuel Antonio NOriega, military chief and de facto president of the country.

Today, when dozens of office workers, secretaries, and bank employees went to 50th Street at noon to cheer a motorcade of noisy demonstrators, they discovered that the odorless substance caused a strong feeling of burning in the eyes, skin irritation, nausea, and suffocation.

"It was the son of a bitch Noriega who did this to us," said a banker to a reporter, as he was cleaning his eyes with a handkerchief.

An office worker, who was coughing, added: "Who else but the military have access to this kind of substance? This is chemical war."

Panamanian military spokesmen could not be located to comment on the yellow substance or on who was responsible for spreading it on 50th Street.

A U.S. military spokesman, consulted about this substance, said: "We have not been able to find out yet what it is."

Panama has been affected by riots and political crises since 10 June, when a renegade Army colonel charged Noriega with being involved in crimes that range from corruption and electoral fraude to murder.

STRIKE TO BEGIN 27 JULY, POSITIONS DETAILED

Preparations Underway

PA232257 [Editorial Report] Panama City LA PRENSA in Spanish on 23 July carries four articles on page 1A on "growing support for the nationwide strike" called by the National Civilianization Crusade for 27 and 28 July.

In a 320-word article, Lisette Carrasto states that "organizations of workers, professionals, doctors, students, politicians, and teachers yesterday joined en masse the call for the 48-hour strike, whiuch can be extended," demanding the "full democratization of Panama." The article adds that the president of the National Council of Private Enterprises reported that "if the people just simply do not go to work and businessmen do not open their shops, I do not see how there can be any repression against this."

The Carrasco article is followed by 160-word article by Wilfredo Justavino Jurado, who reports that the Chiriqui Chamber of Commerce will support the strike "so peace and democracy will be reestablished, once and for all, in Panama." The report adds that the Chiriqui Regional University Center has also called for a 24-hour strike "to protest the abuses against the students of the central campus."

In the next report, an approximately 170-word article by Manuel Alvarez Cedeno, the author writes that "yesterday Panamanian citizens who work in the military posts of the Panama Canal Commission [as published] voiced their full support for the 48-hour strike called for Monday by the National Civilianization Crusade. Roberto Sanchez, spokesman for the workers, pointed out that in view of the outrages committed by the FDP [Panamanian Defense Forces] against the people, the professional workers of the Department of Defense of the Canal Commission [as published] will join the strike." The report adds that Sanchez said the workers will request "16 hours annual leave or sick leave," as regulations do not provide for strikes, and in this manner "the approximately 3,000 [as published] Panamanian officials who work in the canal area will show solidarity with the strike call."

The last article, an approximately 250-word unattributed report, states that the Social Security doctors have ordered a 48-hour strike of all their affiliates on 27-28 July and will only handle emergency cases. The article adds that the medical and dental associations also requested that all doctors close their private offices during the 2-day strike, and that the associations will set up coverage to handle emergency cases.

Defense Forces Plan Prevention

PA240150 Hamburg DPA in Spanish 0011 GMT 24 Jul 87

[Excerpts] Panama City, 23 Jul (DPA) -- The Panamanian Defense Forces [PDF] announced today an operation that will begin on 27 July to prevent the closing of the commercial sector because of the call for a general strike for 27-28 July made by the "Civilianization Crusade," which is comprised of 112 industrial, commercial, professional, labor, and student organizations.

The "Defense Forces" stated that approximately 5,000 policemen will be stationed on the streets of Panama to guarantee store owners that their property will be respected.

The major banking association has not made any statements regarding the strike announced for Monday.

Panama has 132 banks and the closing of the banking sector would represent a halt in the country's economic activity. [passage omitted]

Today the "coordinating board of the people's [organizations]," which is comprised of most of the country's labor unions, said it will be against "anarchy" and "disorder."

This new group announced that it "will conduct all kinds of protests in Panama City."

The group announced three protests: one for the lack of attention to peasants' problems, another one against the U.S. Embassy, and another against the Panamanian business sector.

The "Coordinating Board" stated that they support the government of President Eric Arturo Delvalle and General Manuel Antonio Noriega, commander in chief of the "Defense Forces of Panama."

Today a group of lawyers affiliated with the "Civilianization Crusade" presented before the Republic's Attorney General's Office extensive written and graphic documentation which presents a formal accusation of human rights violations in Panama.

The documentation presents cases of Panamanian citizens who were abused 2 weeks ago after being arrested for their participation in a public, antigovernment demonstration that took place in the streets of Panama City.

The accusation is accompanied by authentic statements for each of the cases.

A copy of this accusation was sent to the OAS, the United Nations, and the "Inter-American Human Rights Commission."

The accusation points out that "the political prisoners receive inhuman, humiliating, and degrading treatment" in the jails in Panama.

This afternoon, rumors on the "freezing" of the U.S. economic, and military assistance to Panama circulated in Panama City, but Presidential Palace sources said that "there is nothing official on that; those are only reports in a U.S. paper."

Bethancourt: Strike 'Anarchic'

PA232003 Panama City ACAN in Spanish 0543 GMT 23 Jul 87

[Excerpt] Panama City, 22 Jul (ACAN-EFE) -- The call by the "Civilianization Crusade" to a general 2-day strike to begin on Monday is "anarchic" and "does not have the support of the majority."

Romulo Escobar Bethancourt, president of the ruling National Democratic Party (PRD), made that statement tonight.

"The call to a general strike is a reckless act and, as I understand it, constitutes an anarchic call to a strike that does not have the support of most sectors of the population," the PRD president said.

The Panamanian civic opposition called a general 48-hour strike -- which could be extended -- on Monday and Tuesday to demand the resignation of General Manuel Antonio Noriega, commander in chief of the Defense Forces.

The "Civilianization Crusade" calls all Panamanians to join the strike to show their opposition to the government's refusal "to face its obligation in heeding the demands of the people."

Concerning this, Escobar Bethancourt said that "the logical thing would be for everybody to join forces to try to normalize this situation, which hurts all segments of the population from the poorest to the wealthiest."

Since its formation in June, the civic organization has been calling for the dismissal of Gen Noriega and the "unconstitutional" government presided over by Eric Arturo Delvalle, until the accusations of "corruption" are not investigated. [sentence as received]

On 6 June, Colonel Roberto Diaz Herrera, who was chief of staff until May, accused military authorities of "political corruption, arbitrary actions, injustices, and abuses."

However, the retired colonel, who ignited social unrest in this country, refused on three occasions to appear before Panamanian Attorney General Carlos Villalaz.

According to Romulo Escobar Bethancourt, the "slanders" against the country, the government, Gen Noriega, and the PRD have gradually" been exposed. Citizens have begun to realize this is a plot aimed at destabilizing the country."

The PRD president said the purpose of the plot was to bring Panama "to its knees concerning a number of domestic and international interests that are against our sovereignty.

Television on Strike's 'Harm'

PA240240 Panama City Televisora Nacional in Spanish 0000 GMT 22 Jul 87

[Station commentary]

[Text] Televisora Nacional has expressed its patriotic and sincere concern for the recent call for a general strike made by Aurelio Barria, president of the Panamanian Chamber of Commerce, Industries, and Agriculture.

The strike called for 27 July introduces a new destabilizing factor in the country at the time we all thought this week would serve to promote general calm and make firm steps toward the resumption of the regular work pace of the nation, which -- today more than ever -- needs an economic and overall reactivation.

First, it is disappointing and disagreeable to see that the strike call is made precisely for the very day on which the school year was to be renewed in the whole country [after the mid-year vacations]. This will affect the regular development of the school year and will directly harm students and parents, who are responsible for their children's education.

In addition, a 48-hour strike will deal harsh blows on store owners, small businessmen in general, and industrialists of limited resources, who in various forms have sent their protests to the news department of this television station, because their activity in the last few weeks has decreased and they are getting close to the second payday of July and the cancellation of the second 13th month wage allotment.

In addition, the great national businessmen have commented on the situation and fear the second strike call, because they understand very well the harm being done to Panama and to their enterprises in which they have invested so much work and sacrifice in the last few years.

This television station will not stop its continuous calls for national understanding and the withdrawal of partisan policies for the well-being of the majority and the homeland itself.

Bus Drivers Withhold Support

PA240209 Panama City MATUTINO in Spanish 23 Jul 87 p 14

[Text] The SICOTRAC, the Union of Public Transportation Drivers, will not support the 24-hour [figure as published] general strike called for next week by the National Civilianization Crusade.

Nelson Romero, secretary general of the SICOTRAC, said yesterday that buses will continue to pick up passengers as usual in Panama City and in the rest of the country.

Romero said that under no circumstance will drivers support these type of movements because it would be like creating conditions that would hurt them in the future.

Romero said he agreed with the latest statements made by the National Council of Organized Workers, that to support groups making up the National Civilianization Crusade was to go against labor organizations, because these groups did not support the proper labor code reforms.

Romero added that presently these groups are to be blamed for the fact that the labor movement is a sinking ship in this country because the law does not provide for workers' stability.

Workers, not businessmen, must take to the streets to demand the authorities acknowledge our true rights.

Romero said that in Panama beneficial solutions must be sought and not wild, arbitrary measures, such as unpredictable and capricious strikes, which are disrespectful and are harmful for the poor classes.

Romero said that men who act with a Machiavellian mind are the most privileged in this country, especially men who own big businesses and who do not pay taxes on their imported machinery, bringing in technology that takes jobs away from Panamanian workers, thereby greatly increasing unemployment.

CONATO COMMUNIQUE STAND NATION'S 'CRISIS'

PA240102 Panama City CRITICA in Spanish 22 Jul 87 pp 2, 12

[Text] COMMUNIQUE [subhead]

CONATO [National Council of Organized Workers] hereby addresses itself to the country through the news media to set forth its position regarding the social, economic, and political crisis in the nation.

CONATO regards as urgent the need for a national dialogue leading to a discussion of a national development plan to resolve the country's political, social, and economic problems.

Consequently, CONATO presents a document summing up the workers' posture regarding the country's current critical situation. CONATO is willing to initiate a discussion with the opposition, the national government, and the church to present the posture of the thousands of workers who form CONATO. This organization has seen that the workers' achievements in labor and social security improvements, which have already been cut, are in danger of being lost altogether. The return of the conservatives to power can unleash political persecution against trade unions, leaders, and workers.

The working class believes in a peaceful resolution of the current crisis because to increase violence would be equivalent to our homeland committing suicide. In such a case, it will be the working people who in the end will suffer the consequences.

PANAMA CITY, 21 JULY 1987
Alvaro Munoz F.
On behalf of CONATO
July 1987

CONATO'S POSTURE ON THE NATIONAL CRISIS [subhead]

As an organization responsible for orienting and leading the struggle and actions of rural, urban, private, and public workes, CONATO REITERATES THE NEED FOR A PEOPLE'S SOLUTION TO THE COUNTRY'S POLITICAL CRISIS, AN ALTERNATIVE THAT HAS BEEN REJECTED BY THE OLIGARCHIC SECTORS BOTH OUTSIDE AND INSIDE THE GOVERNMENT.

The current situation is part of a deeper general crisis in Panamanian society. This crisis gives rise daily to more inequity, umemployment, social uncertainty, hunger, malnutrition, and poverty in the country's workers and peasants as the result of an economic policy detrimental to both the nation and the people. This policy is fostered mostly by the IMF and the World Bank.

This crisis, aggravated by the recent remarks of a retired military officer, has caused to appear old denunciations and demands of the people's movement, dealing with repeated acts of corruption in many state institutions through the unfulfillment of Torrijo's promise that the military would "withdraw" to their barracks and through the flagrant violation of the labor, economic, and social rights of the poorest sectors of the people. [paragraph continues]

In general, these denunciations reveal the dissatisfaction and unrest of broad sectors of the population because they have been ignored and because of some government sectors' repeated threats to yield and deliver into the greedy hands of international banks the few remaining instruments for the social protection of workers and their relatives.

Because of this, and although most of the workers and the people have not actively participated in this struggle for "POLITICAL POWER," there have occurred some spontaneous and independent demonstrations as an indication of our social frustrations and unfulfilled demands.

The better organized and clearest expression of the clamor for a people's solution for the crisis was the great march of a large number of people's organizations on 8 July with these slogans: "no to U.S. intervention;" "no to the turncoats of either the opposition or the government;' "We advocate the moralization of public institutions and officials;" "We advocate the abrogation of the 3 in 1 [not further identified] laws;" "no to the organic law of the Social Security Fund and others."

CONATO expresses its full rejection of the repression the Defense Forces unleashed against the Panamanian people; this included people who were not demonstrating.

THE LABOR ORGANIZATIONS THAT ARE PART OF CONATO reject the excesses committed, because today they were committed against a group that is demonstrating, tomorrow they will be against organized labor movements, which have already been expressed in March 1986 when YITO BARRANTES M died IN THE HANDS OF DEFENSE FORCES' DOBERMANS.

CONATO rejects repression as a method to be used againt our people when they take to the streets to protest World Bank and IMF measures of imposition, enforced by an unpopular government such as the current one or any other that may emerge as a result of the present crisis.

TO THE WORKERS that now ARE INVOLVED IN THE STRUGGLE that IS BEING FOUGHT IN THE STREETS, we tell them that there are opposition groups that are asking that CONATO join them and other government sectors who are in the same situation. Nevertheless, IN THE OPPOSITION SECTOR THERE ARE THOSE WHO FRAUDULENTLY BANKRUPTED COMPANIES, DENIED WORKERS WAGE INCREASES, AND FIRED EMPLOYEES AND UNION LEADERS FOR TAKING PART IN THE MARCH 1986 STRIKE, WHICH IS NOW BEING DEBATED IN THE COURTS, because THEY DID NOT AGREE WITH CONATO'S STRUGGLE IN THE 3 IN 1 LAWS. In addition, if they have no moral right to demand the workers join them, THE GOVERNMENT ALSO HAS NOT MORAL RIGHT TO DEMAND FROM CONATO SUPPORT IN THIS CRISIS WHICH WAS NOT BROUGHT ON BY US, BUT COMES FROM WITHIN THE GOVERNMENT.

One must prepare to fight against the surrender of the Panamanian people's interests that the government and opposition are negotiating with the participation of the gringo ambassador. The strategy is to eliminate CONATO, all the trade unions and their leaders, and the Fenasep [National Federation of Association of Public Workers], thus going ahead with widespread firings in the public and private sectors, endangering the frying pan [paila] and bread of thousands of humble families.

The agreement will be arrived at by those who are fighting among themselves for power. Afterward will come the Social Security reforms and many other reforms as well. The same Dobermans will repress the worker, the public employee, etc. THEN WHAT ARE WE TO DO WITH THIS SITUATION? The reply is that we do not WANT ANY MORE OLIGARCHIC GOVERNMENTS, MUCH LESS BACKROOM DEALS, OR A MILITARY-LED GOVERNMENT REPRESSING THE PEOPLE. Because of this, one must continue to struggle for the unity of the people, and must prepare for actions, even a general strike, to force the leaders to change everything at all levels, and to recover the gains the people and workers have made.

For this reason, CONATO, faced with the irresponsibilty, and the antinational and antipopular commitments made by the leading economic government and opposition sectors, makes known to the entire country:

1. The need to unify criteria and actions with all the nationalistic and peoples' organizations -- wherever they are -- to achieve a popular way out of the present crisis that leads to the meeting of the main aspirations and demands of the people regarding democracy with social justice, employment, education, housing, social security, and a nationalistic and popular handling of the foreign debt problem. This leads us to insist on the need to carry out a national development plan which will allow us to overcome in the medium-term the serious economic and social problems that afflict us.

2. Condemn U.S. intervention in the country's domestic affairs, the violation of the Torrijos-Carter Treaties, the plotting by the United States to not comply on the granting of full sovereignty by the year 2000, as well as the antipatriotic and servile actions of those opposition and government politicians who insist on looking to Washington for judges to decide our own differences.

3. To demand both that the competent authorities make an in-depth, objective inquiry into all the public accusations presented by the various sectors of the country, and the strict enforcement of law against all those involved in excesses and public or private corruption.

4. Demand from the government that it take concrete action to fulfill the popular demands on the following subjects:

a) Immediate repeal of laws 1, 2, and 3 of March 1986, thus returning the labor, agriculture and cattle and industrial sectors to their original conditions.

b) Promulgation of a salary increase across the board for public and private employees, as well as the immediate revision of minimum salaries.

c) A return to strict control of staples prices.

d) A stop to the dismantling and sale of state enterprises and institutions that belong to the people.

e) A firm commitment on the part of the government, that the Social Security Law not be amended, and that the integrated health systems will be strengthened and expanded in such a way that, in a very short term, medicine will be a true social right and not an additional object of barter that is subject to the law of supply and demand, used to make a profit from the people's health and needs. For this reason, we demand presidential approval of the drug law recently approved by the assembly.

f) The promulgation of a law that will guarantee the canal resources and installations be social property, as well as official guarantees that the most collective use possible will be given to these resources and installations so that the working people, who for generations paid the highest price in the anticolonial struggle, may truly enjoy these riches.

g) A more serious, objective, and honest management of the labor laws, and the immediate dismissal of the current directors of the Labor Ministry and their replacement with impartial professionals.

h) Demand respect for human rights and that the armed institute not become an instrument of the oligarchy to repress the people, but an institution on the side of the humble majorities who call for justice, and the avoidance at all costs of the establishment of a totalitarian regime in our country.

i) Struggle against the mass dismissal of public employees, and the immediate submission to the Legislative Assembly of a draft civil service law for its immediate approval.

j) Demand an investigation into the shooting death of worker YITO BARRANTES MENDEZ AND PUNISHMENT FOR THE GUILTY PARTIES.

k) Demand respect for the freedom of the labor movement and its right to strike, through an immediate and favorable solution of labor conflicts in those cases where management has pressed charges against labor leaders who led and participated in the March 1986 labor strike; immediately grant legal status to the Banking Employees Labor Union and allow the employees of official and private banks to join the labor movement.

l) Renew efforts to seek a peaceful solution to the Central American conflict through the Contadora peace plan.

Finally, we call upon the country's labor movement not to allow itself to be misled by desperate appeals from either the reactionary opposition or the government, to remain in a state of alert, mobilize in their places of work, in trade unions, and communities, and to act to prevent any oligarchic negotiation that will once more sacrifice the popular desires and aspirations. Panama, 21 July 1987

Alvaro Munoz F., CONATO Coordinator.

ECONOMY MINISTER ANNOUNCES NEW ECONOMIC MEASURES

PY210158 Buenos Aires Domestic Service in Spanish 2220 GMT 20 Jul 87

[Address to nation by Economy Minister Juan Vital Sourrouille from the San Martin Cultural Center in Buenos Aires -- live]

[Text] Good evening. I would first like to excuse myself to those who have been waiting for us for some time, for our delay in getting the material typed that I will now read.

Today we will announce new measures regarding the economic reform plan the government is carrying out. When we started with these reforms, we knew that after the initial optimism and temporary hopes we were facing a great challenge: to reconcile political democracy with socioeconomic progress.

Argentina's future depends on this challenge, which involves the whole citizenry and particularly the government members. After a rich and complex experience in problems and progress, we reached a conclusion: a change is necessary. The effort and cooperation of the people has prevented Argentina's socioeconomic disintegration, which is an achievement that, despite it's cost, constitutes the basis for the construction of our growth, stability, and social justice. We believe the greatest part of this task has yet to be carried out, both concretely and spiritually. In this respect perhaps we have not explained clearly the kind of problems Argentina is currently facing.

Inflation and stagnation were not the result of circumstances or the exclusive responsibility of a particular sector. Inflation and stagnation were rather the result of an old crisis that affected all of us.

What we Argentines are suffering with inflation and the increase of bank interest rates is really a crisis inherited from a populist, closed, and centralized state model that sought easy solutions. Perhaps this model worked for a period of our history, but nowadays it has become anachronistic, and it is hindering our national economic progress and standard of living.

Why have we spoken about the crisis of a populist model that sought easy solutions? This must not be confused with a development plan that has social objectives. We mentioned it because the Argentine people's legitimate aspirations for social progress can no longer be attained through nominal salary increases or increasing public expenditures, ignoring productivity and the fiscal deficit.

Despite its deep internal difficulties, Argentina has a modern society with its own needs and conflicts. The Argentine people are well informed and sensitive to the inflationary factor. This fact tends to thwart any attempt at using the income redistribution process to benefit one sector at the expense of another. In this aspect, and many others, we are living through a phase of transition. Although many Argentines are well aware of these problems, there are still others who think it is easy to solve our current troubles.

Why are we speaking of a closed-model crisis? Because internal market development through protectionist measures has long lost its capability to grow, so it must therefore be replaced with a strategy that will integrate our internal market further with international trade.

With this strategy in mind, we have been working on the implementation of several highly innovative measures. We want to cast aside the semiautonomous economic model which for the last few decades has kept us away from technological development. However, we are not going to open our economy indiscriminately in the name of an ideological prejudice that inevitably leads to the country's deindustrialization. Our purpose is to collaborate with Argentine enterprises in order to encourage a modernization of their production and competitiveness, and not to harm them with an avalanche of massive imports.

In this regard, too, we are in the midst of a transition, and until Argentina's economy adjusts itself to the world economy and begins to yield results in terms of growth of national wealth, we will continue hearing the protests of those who, instead of getting ready for competition, prefer to maintain a status quo that is making us more and more backward in a world that is changing before our very eyes.

Why are we talking about a crisis of a state-controlled and centralized economic model? Because the many duties the state has been assuming over the last 50 years -- not because of some ideological whim, but as a result of a more or less spontaneous social consensus -- can no longer be fulfilled with the necessary efficiency nor financed without jeopardizing stability.

Our recent history teaches us that when the limitations of domestic growth became obvious, an effort was made to fuel the economy through state investments and subsidies. Public investments and state subsidies for private companies involved in huge projects reached an unprecedented level in the seventies This heavy participation of the state in the nation's economy came on top of the age-old proliferation of regulations and red tape that reduced the economy's flexibility and undermined the standards of basic services.

Meanwhile, the funds that were used to finance the growth of the state in the past have been drying up. Thus, the funds that used to come from exports are no longer available because the international prices of our agricultural products have fallen by approximately 40 percent. In the past, the state could also use the savings of the social security system, but now this system is in the middle of a structural financial crisis and these funds, which in the fifties accounted for 4 percent of the GDP, are no longer available. Furthermore, the traditional sources for fiscal revenues such as taxes on profits, assets, and capital have declined because of the extended economic instability and widespread tax evasion.

In sum, public accounts have lost a large part of the revenues that used to fuel them. Meanwhile, in addition to the financial commitments arising from its various activities, the state has taken over the servicing of the foreign debt of the private sector in order to prevent widespread bankrupticies in this sector. Thus, the impoverished state, which has to deal with many social pressures on one hand and stifle the initiative of society on the other hand, is always on the verge of losing control of the fiscal deficit.

The various signs of the crisis we have mentioned can be seen behind the imbalances that are cropping up. The growing and just desire for progress and well-being that all Argentines feel can no longer be fulfilled through an obsolete model of development. If we want to satisfy the people's aspirations we cannot disregard the complexity of our situation which, as we can see from our difficulties over curbing inflation and reducing interest rates, is casting a shadow on the country's short- and long-term prospects.

Growth is the strategic answer to this situation, but it must be a different kind of growth, capable of stimulating competitiveness and innovativeness through a better adjustment to the world economy, and a release of productive energy through a reduction of regulations. In sum, it must be a lasting kind of growth achieved through a more rational handling of economic balances.

In order to move toward that different type of growth, it is necessary to act on a key element of the nation, which is the state. The national government has already begun a process of state reforms, on which we have now decided to expand.

The crisis created by the old model of development cannot be resolved with more or less state participation, but with the construction of a new type of state. This means clear ideas and designs regarding the direction that should be followed, and these are the ideas I have just outlined. The idea is to introduce into the structure and function of the state an adjustment to the world economy, in a regulated and rational manner. These are the qualities of growth we really want. As this reform process becomes stronger, the state will recover the ability to guide and govern, which the country needs to face the challenge of the future only 13 years before the beginning of a new century.

Reforming the state is not an easy task and does not give immediate results. This task has been pending for many years, during which governments of different ideologies chose to live with a structure that was and still is in some aspects a deterrent to the country's economic and social progress. There are many interests within and outside the state apparatus that resisted and continue to resist the transformations demanded by Argentine society. Therefore, the task to which the national government is committed should be evaluated objectively. We are carrying out a reform program that has not been fulfilled so far due to neglect, inaction, and a refusal to change by many people who were our predecessors in the state administration.

The measures we are announcing revolve around three axes: the correction of the current fiscal imbalances, the move toward long-range transformations of the public sector aimed at balancing fiscal accounts; and new stimulation for production in the areas of agriculture, industry, energy and construction.

New tax regulations that complement the tax reform being implemented seek to correct the fiscal imbalance. The people's decision not to put up with high inflation rates, and pay a high cost for the depreciation of our currency, make it necessary to make this effort until the changes in the composition and level of the public expenditure yield their fruits. We are convinced that it is more just to increase taxes than to maintain high interest rates for a long time, because the public expenditure that is not financed with taxes is unavoidably financed by costly investments that discourage production. Therefore, in order for the country not to be trapped in a dilemma between more taxes and higher interest rates, we are now taking a new step toward state reform.

Every society must choose what to buy and how to spend. Every society, as our society is doing, must define what the functions of the state are, and the rules that govern its actions. In this regard we are releasing today new rules of the game for public enterprises and banks -- in other words, for an important part of the state apparatus.

They are strict rules aimed at improving efficiency and responsibility in the administration of resources that belong to society. Once Congress has approved the new regulations, the public enterprises will stop receiving contributions from the national treasury and will have to genuinely start financing their own expenditures. At the same time the new legislation seeks to reduce regulations and allow the investment of private capital under stable, legal conditions in the area of telecommunications and transportation, and will stimulate competition between public and private enterprises in the areas where this is technically possible.

While the enterprises that are constitutionally ready to be transferred continue to be privatized, the legal public monopoly will have to adapt to new conditions that will improve the quality of resources. It is not reasonable to preserve a situation that ignores the requests of the people simply because the economic crisis prevents the government from acting.

The national official banks will also undergo great changes. The banks will be the financial tools for the implementation of the government's long-term policies, instead of serving as a means of irrationally distributing subsidies.

As established in the bills we have started to send to Congress, we will readopt the original specialization criteria of the great national banks. Thus, some of the banks will stop receiving deposits from the public, will substantially reduce their dealings with individuals, and will instead use the idle capacity of the private and provincial banks. Together with the policies for the reorganization of the private financial system, which are also being announced today, these measures are aimed at reducing the high costs of bank services that currently fall on the productive sectors.

The third and last axis is the growth of the domestic market toward better integration with the rest of the world, without expecting to be financed by a tax deficit. The government, aware that the defense of our stability does not contradict a new type of growth, now announces incentives for the agricultural, cattle-raising, industrial, energy, and housing construction sectors. These incentives do not mean that subsidies, normally unknown to most of the society, will be implemented, or that loans will be refinanced with special interest rates. On the contrary, the measures being adopted today will show the cattle-raising sector that costs and prices can come very close to those accepted internationally, while the exchange rate remains stable. Regarding the industrial sector, these measures will show that exporting is also a good source of business.

As for the public and private producers of hydrocarbons, these measures will definitively place them in an economic system based on international prices, free trade, and equal opportunities for all.

With regard to the housing construction sector, these incentives mean that public money will be accessible to the most needy persons, while financial currents are activated to allow savings by the other sectors of society to be channeled to the housing construction sector.

We have just announced various types of measures. Some are contained in resolutions to be quickly implemented. Others, which comprise great changes, are bills being sent to Congress. Through these bills, the government is willing to start a debate on the type of country we have and the type of country we want to have.

The current degree of maturity attained by the Argentine people calls for this type of debate, which will resolutely orient the democratic transition toward the path of modernization and social progress.

Summary of Measures

PY211835 Buenos Aires Domestic Service in Spanish 2249 GMT 20 Jul 87

[Unidentified government official reads "summary" of economic measures following address to nation by Economy Minister Juan Vital Sourrouille at the San Martin Cultural Center -- live]

[Text] Following is a summary of the economic reform measures announced by Economy Minister Juan Vital Sourrouille and Public Works and Services Minister Pedro Trucco. This summary intends to describe briefly the measures announced today as part of the economic reform plan. The measures are divided as follows:

1) Public sector reforms 2) Tax measures 3) Housing measures 4) Financial sector reforms 5) Measures to promote export of industrial goods 6) Farming sector measures 7) Privatization of Defense Ministry companies.

1) Public sector reforms:

A public infrastructure fund will be created. This fund will contain approximately 5.9 billion australs and will include specific allocations funds. The surplus of fuel taxes currently absorbed by the National Treasury will be absorbed by the new fund. The fund's administration will be specified in the national budget. The sole use of the fund will be to finance public companies, binational funds, and decentralized organizations dependent on the Public Works and Services Ministry. The funds designated for the provinces will be at the complete disposal of the provincial governments. When this regulation becomes effective, the National Treasury will handle the foreign debt servicing of the companies involved in this project. The National Treasury will no longer allocate resources to the enterprises and entities to which these measures apply, unless such allocations are made under express political decisions stated in the nation's budget. The National Treasury will no longer be allowed to extend guarantees for financial operations transacted by private or public organizations, except in case of loans granted by multilateral credit institutions.

The new framework of the oil policy being announced today is aimed at reducing regulation to allow the investment of private risk capital national and foreign, as well as to achieve greater efficiency of public enterprises. Within 60 days of this announcement, the government will submit to the National Congress new fiscal regulations for the hydrocarbons sector. A price schedule for domestic crude oils, using as a reference the international prices of equivalent oil types, will be implemented. The domestic prices of refined products for the final consumer will be established by the appropriate authorities, following the rule that these prices should not be higher than the average prices paid by consumers in the main industrialized countries.

The new tax regulations and the new rule for establishing prices, which constitute the basis for the present reform, will be implemented simulataneously. A system of free importation and exportation of oil and oil byproducts by public and private companies will go into effect 90 days after the measures that are to be adopted become effective.

Not later than 1 January 1988, the Energy Secretariat and the Foreign Trade and Industry Secretariat will jointly establish a new customs fees schedule that will discourage the importation of final products, while promoting the exportation of processed products. The existing regulation for the allocation of crude oil will be gradually eliminated, thus permitting free transactions between producing and marketing enterprises on the basis of the new measures to be implemented. Under a drawback system, the customs-fees-exempted imporation of hydrocarbons will be made possible so Argentine foreign trade can be improved, refining installed capacity can be better utilized, and seasonal advantages stemming from Argentina's geographical position can be exploited.

As the authority charged with the enforcement of Hydrocarbon Law 17319, the Energy Secretariat will make provisions to closely oversee operations in the area of oil prospecting and exploitation. Lands where operations have not been started or have ended, will be taken back from contracting companies by the Energy Secretariat in order to discourage the speculative or unproductive possession of such areas.

A bill amending the telecommunications laws will be submitted to Congress. Its main objective will be to allow private participation in areas that are a monopoly of ENTEL [National Telecommunications Enterprise]. Participation in these areas, which are currently awarded under temporary concession titles, would henceforth be allowed under permanent concessions. Restrictions on the use of satellite antennas will be eliminated. Under a resolution from the Communications Secretariat, private capital will be allowed to exploit the radio communications service known as rural telephony.

Under the program of economic reforms, the Transport Secretariat will implement the following measures:

Commercial air transport. As of September 1987, by resolution of the Transport Secretariat, there will be more price flexibility in the domestic routes this service will be more attractive to consumers without affecting the companies' economies. Identical measures will be adopted for international service. The exploitation of international routes will be open to private enterprises in which domestic capital is the majority shareholder to expand the participation of Argentine-flag carriers in international traffic. A bill to replace Law 19,030 and its amendments and the commercial air aspects of the Aeronautics Code will be completed in 1988. In this way, air transportation will have an adequate institutional frame work for its future development.

Automative transportation: In order to improve efficiency, the Transportation Secretariat will approve this month a bidding system for long-haul transport operators on new routes or on routes that can bear more competition. A decree will regulate the transfer of permits, as well as enterprise mergers or takeovers, with an eye to avoiding market monopolization. To make the current transportation more flexible and take into account the competitiveness of the overland cargo transportation market, the Transport Secretariat and the Domestic Trade Secretariat will this month issue resolutions eliminating existing cargo rates, so both truck and railroad transportation can again freely set cargo rates.

2) Tax measures

To reconcile the objectives of improving tax revenues and distribution, the government will submit to Congress a bill amending profit taxes. The most important modification will limit tax amending profit taxes. The most important modification will limit tax deductions for corporations, thus avoiding loss of tax revenues caused by the accumulation of deductions due to adjustments for inflation, which can be compensated for by profit in future business years. A minimum tax for individuals and a 25-percent increase in the nontaxable base will be introduced to lighten the tax burden on medium-income people.

To meet this objective, the method for the endorsement of checks will be modified to encourage the elimination of check transfers by means of endorsement and to restrict the writing of checks to the bearer for small amounts. In order to restore the character of credit paper for promisory notes, a resolution will be dictated reducing the tax rate on IOU's established in Article 2 of the Tax Stamp Law of 1986.

3) Housing measures

The Housing and Environment Secretariat will adopt a set of measures for the purpose of obtaining more financing for housing construction to expand the housing market. Consequently, private action through investment and saving institutions will be stimulated. With this method of financing, the purpose is to meet the demand by medium-income sectors, which are not currently met. Different amortization plans of up to 25 years will be adopted. A minimum 30-australs installment for house purchases will be established, so the National Housing Fund [FONAVI] can begin to recover losses incurred by the delivery of 250,000 housing units for which installments averaging 8 australs are being collected. For FONAVI, this will mean an average yearly revenue increase of 66 million australs.

4) Financial sector reforms

The measures designed to improve the efficiency and smooth operation of the financial sector can be summarized as follows:

Budgetary losses incurred to defray "quasi-fiscal" expenditures will be included in the budget bill for 1988, and changes that are necessary to keep the public better informed regarding the bank's operations will be made in its Business Report. These measures are intended to relate the financial assistance under preferential terms, which is part of the public expenditures, to the amount of resources that society, through the existing constitutional mechanisms, has allocated to that preferencial financial assistance.

The following decisions have been made under the national official banks program.

To restore the special role these institutions originally had, a role that was distorted by the financial reforms of the late 1970's; to provide them with funds appropriate to their specific functions regarding periods, amounts, and interest rates of their operations; to eliminate existing overlaps regarding practices to raise money and to build portfolios; to coordinate the action of each specialized institution with the executive branch area related to their specialty; to restore effective operational autonomy to each institution; to stimulate the national official banks to act as both major and minor banks, a combined role which has so far been insufficiently developed.

These measures will assign the following functions to the national official banks: Argentine National Bank -- special financing for the agricultural and livestock sector, and related activities; National Mortgage Bank -- medium- and long-term financing for housing and related infrastructure, with resources coming from their own capital base, official deposits, issuance of securities, and international credits; National Insurance and Savings Fund -- in addition to their insurance functions, will act as minor banks, exclusively financing artisans, independent workers, professionals and minor enterprises, as well as social infrastructure projects by municipalities and cooperative organizations; BANADE [National Development Bank] -- medium- and long-term financing for industrial and mining enterprises, with resources coming from their own capital base, national budget applications, a new industrial promotion program, the issuance of securities, and international credits.

This new stage for the official banks will begin with the capitalization of rediscounts owed to the BCRA [Central Bank of the Argentine Republic] by the BANADE; a bill sent to Congress modifying the BANADE charter to adjust it to its new objectives; and drafts of charters for the BHN [National Mortgage Bank] and the BNA [Argentine National Bank], to be introduced in Congress within 60 days.

The private financial sector had a haphazard development during the 1970's, which resulted in its being inefficient, overgrown, and badly capitalized. In recent times, BCRA has intensified control over the system, detecting serious cases of insolvency, and has acted rigorously by intervening or liquidating institutions. It also brought court action against those who were responsible in such cases, and it can now be said that many of them no longer have the benefit of the impunity they had in the past. The BCRA also initiated a process of deregulation of financial activities, and as the result of such measures a large volume of operations -- estimated at 1.5 billion australs -- that was being illegally transacted has now been brought into authorized channels and under the control of official agencies. The process of straightening out the system and the growth of the operational volume have consequently been significant. However, there are still problems such as high operational costs, poor evaluation of portfolios, and a shortage of operational capital. Therefore, it cannot yet be said that we have an efficient and solid private financial system to serve the production sectors. The final stage of the adjustment of this system must begin now.

This week, the BCRA will announce measures related to:

Superintendence: New guidelines for anticipating problem credits, including those repeatedly renewed, and the interests accrued by such credits will be issued; obligatory rules to evaluate debtors -- in a normal situation, in arrears, etc. -- will be laid down; a monthly report system of the average of main debtors to each institution will be required; and a special group to evaluate credit risks will be established within the BCRA Inspection Department.

The institutions will submit information to allow the BCRA to evaluate the effect of operational costs on the lending interest rates and to adopt measures in those cases that depart from reasonable limits.

The minimum capital requirement will be significantly adjusted immediately, and its level will be raised to that which is considered indispensable through a timetable to be followed until December 1989.

A system allowing banks to annually relocate some of their branches will be established, thus eliminating the rigidity now existing in this regard. The BCRA will consider the disposal of non-liquid financial assets whenever an institution is completely closed.

In addition to the bill on financial institutions being sent to Congress, these financial intermediary agencies will be allowed to change into commercial banks when they comply with the minimum capital requirements and other requirements in force.

Institutions will be required to maintain a higher proportion of their capital in liquid assets so as to increase the system's lending capacity, as well as its capacity to absorb unexpected losses. Also, the liquidation of fixed assets will be facilitated through more flexible accounting.

Given the little significance of their operations volume and the disproportionate cost of their control by the state, and taking into consideration the terms of the legislation which created these institutions, the government has decided to revoke the authorization of currency exchange shops and agencies to operate as such, without detriment to their operation to fulfill other objectives, such as tourist agencies and stock brokerage agencies. The Central Bank personnel assigned to controlling these agencies can be used to improve control in other areas.

The National Security Exchange Commission will require open market agencies to increase their minimum operational capital in proportions equivalent to those required of financial institutions.

The liquidation of financial institutions that have been closed has imposed a heavy cost on the community, not only in terms of money that was disbursed, but in terms of difficulties created for the BCRA by the liquidation of assets and the administration of credits. Credit portfolios are usually the most problematic asset of a liquidated institution, requiring much effort to straighten out. To alleviate this task, the administration of some of these portfolios has been entrusted to official banking institutions.

The BCRA is working intensely on preparing regulations so private financial institutions may also participate in the administration of these portfolios or in the sale of these portfolios to individuals, or associations or institutions created for this purpose. To launch this project, concrete offers will be made before the end of this month for the administration or sale of portfolios of a liquidated financial institution.

The BCRA has decided to speed up the proceedings of liquidations, some of which have dragged on for 15 years, and the proceedings to bring back into operation those institutions that can be beneficial to the financial system as a whole.

5. Measures to promote the export of industrial goods

To carry forward the policy of export promotion, the following measures have been adopted: the issuance of domestic letters of credit will be authorized, thus permitting access to prefinancing and drawback facilities by small- and medium-size enterprises that supply export components, that is, enterprises that are not direct exporters; a new customs catalog for processed food products that can benefit from tax incentives of drawback facilities; the reverse BOFIN [not further identified] system will be eliminated in order to make more flexible the prefinancing of exports and to make the granting of credit more automatic.

6. Farming sectors measures

Under the policy to stimulate agricultural production, export customs fees are being reduced so that, in combination with a high exchange rate and a slight improvement in international prices, this will create conditions for expansion in this sector. Also, foreign exchange witholdings on agricultural exports will begin to be reduced in the 1987-88 harvest season. A bill creating a fund for the assistance of producers affected by natural disasters will be introduced in Congress to provide financial assistance to cope with the effects of such disasters.

7. Privatization of Defense Ministry companies

In the area of the Defense Ministry, decisions have been made for the privatization of industrial plants so as to reduce the intervention of the state in economic activities. Moving ahead with such a policy, five decrees have been signed establishing mechanisms for the sale of shares held by the state in these companies: Forja Argentina; POLISUR S.M.; PETROPOL S.M.; INDUCLOR S.M.; Monomeros Vinilicos S.M.; Empresas Atanor S.A.M.; Petroquimica Rio Tercero S.A.M.; and Carboquimica Argentina S.M.

Negative Reactions

PY240324 Buenos Aires BUENOS AIRES HERALD in English 23 Jul 87 p 3

[Text] (NA-DYN) -- While the economic measures unveiled by the government on Monday evening continue to stir up various reactions, Treasury Secretary Mario Brodersohn yesterday admitted that the economic team does not like some of the measures, and also charged that opposition parties "had their criticisms ready even before the measures were announced."

Speaking on Radio Continental, Brodersohn said that the fact that Renewal Peronist Antonio Cafiero and UCeDe [Union of the Democratic Center] leader Alvaro Alsogaray had joined in the criticism was not surprising, adding that "45 days before the elections they would have criticized us if we didn't do anything, and if we did something they would say it was ordered by the (International) Monetary Fund."

The treasury secretary also commented on the proposed reforms to income tax regulations, saying that out of the 12,500 companies which close their balances between October and December, 75 percent did not pay a single austral worth of income taxes, while just 223 firms accounted for 83 percent of the collection. He added that this situation led to the creation of "ridiculous, absurd, inefficient and unfair taxes, like fuel, bank charges, export duties or wage deductions."

Meanwhile, former Economy Minister Roberto Alemann said that the new package of measures had some positive and some negative aspects. On the positive side, he mentioned the ones related to the farm sector, explaining that the elimination and reduction of export duties added to a better price perspective puts the agricultural sector in a much better position for growth and expansion.

The ex-minister, who served during General Leopoldo Galtieri's de facto government, also considering the deregulation of the petroleum market positive because it opens up new perspectives for risk-investments.

On the other hand, Alemann criticized the economic team for "stubbornly" pursuing tight controls on the main economic variables, saying that a free market operating side by side with a regulated one inevitably creates inflationary expectations.

As for the changes to be introduced in the income tax regulations, the ex-minister said such a move would be "unfair," since the estimated income tax scheme would end up making more people liable to paying taxes.

In this regard, the Stock Companies Chamber yesterday issued a press statement expressing its disagreement with the decision to "adopt the estimated income system as a basis to apply the income tax to individuals." The chamber also said that the new package forces the transfer of resources from the private to the public sector, without granting any incentive to the private sector for capital investment.

"It is as if the government had resigned itself to accepting the non-existence of investment and the virtual disappearance of decadent (sic) capital markets," the chamber said.

Meanwhile, the Union of Commercial Entities (UDECA) and the Chamber of Department Stores said that the government had once more shifted the burden onto the private sector for its incapacity to correct the structural deficiencies of the public sector through the creation of a new unusual "tax on losses," because previous losses will no longer count as an income tax deduction item.

ALFONSIN CRITICIZES CGT PLANS TO STRIKE

PY230204 Buenos Aires Domestic Service in Spanish 1600 GMT 22 Jul 87

[Text] President Alfonsin this morning harshly criticized the CGT before departing for Santa Fe Province. Alfonsin said at the airport that using Argentine workers in an electoral campaign is cheap demogoguery. He was referring to the possibility that the CGT might try to influence the upcoming election campaign by holding successive stoppages.

Asked about the repercussions of the economic measures, Alfonsin stated that any resolution of this nature is expected to receive criticism from all sectors. He added that the government wanted to adopt these measures at the appropriate time, without having to wait for elections. Alfonsin stated:

[Begin recording] These statements by the CGT surprise me because it is clear, at least from what has been published, that this is a reactionary not a reasonable position. I would not say it is antipopular, but it is antilabor. I am really surprised. I can understand the exchange houses complaining because the government wants to streamline the financial system. Businessmen might complain, with reason perhaps, because taxes have increased due to the government's need for more money. I can understand this. But it really surprises me when the labor organization launches a campaign like this. It is difficult to comprehend their inability to understand that the state needs to strengthen its finances in order to avoid a deficit that would endanger the workers' standard of living, and that the Argentine workers are the users of state ultilities and need improved services.

All this gives me a very bad impression. Until now, I did not want to believe that the CGT pledged in Bariloche to hold several strikes in support of the political campaign of the Peronists. I would like to believe this is not true because the use of Argentine workers for an electoral campaign would be a political tactic of the lowest kind. [end recording]

FINANCE MINISTER ON AGREEMENT WITH IMF

PY231850 La Paz La Red Panamericana in Spanish 1130 GMT 23 Jul 87

[By Cristina Corrales]

[Excerpt] The Bolivian Government announced yesterday at 2230 that an important agreement has been reached with the IMF.

The IMF yesterday granted a 3-year expanded-facility loan and guaranteed the supply of $173 million, which will be used to support the balance of payments.

Finance Minister Juan Cariaga will now comment on this issue.

[Begin recording] An agreement on an expanded-facility loan has been reached with the IMF. This is an important agreement because it is unique. Only two countries have reached this type of agreement. This agreement is the result of the achievements, the success of the economic program and the country's political will to continue the reactivation process.

As you know, the country is not experiencing a recession. The country is growing. The IMF estimates that the 1987 growth rate will reach 2.2 percent, especially in the manufactured goods and construction sectors. The country is growing under a process of complete stability. In the past 12 months, the inflation rate barely reached 12.5 percent. In the first 6 months, the inflation rate reached 6.2 percent.

The importance of this agreement also lies in the fact that it involves a 3-year loan, that is, it is much better than a stand-by loan because the agreement [words indistinct] 3 consecutive years. It is important because it guarantees the inflow of foreign funds that is absolutely necessary for the economic reactivation during this period. [end recording]

This was an important part of the comments made by Finance Minister Juan Cariaga. The comments were made at Government Palace after a meeting between the president of the Republic and some ministers. [passage omitted]

ENVOY SAYS COUNTRY TO JOIN GATT TO PROMOTE TRADE

PY230335 La Paz PRESENCIA in Spanish 16 Jul 87 p 7

[Excerpt] Raul Espana Smith, Bolivian ambassador to Switzerland, yesterday reported that Bolivia will join the GATT to bring the prices of Bolivia's nontraditional exports into line with those of the international market.

Espana added that he has been ordered by President Paz Estenssoro to register Bolivia within the GATT with the objective of improving Bolivia's trade situation in view of the fact that Bolivia is able to export products to European countries and to other countries in the Northern Hemisphere. [passage omitted]

BRESSER STRESSES POLITICAL SUPPORT FOR PLAN

PY231707 Rio de Janeiro O GLOBO in Portuguese 22 Jul 87 p 5

[Text] Brasilia -- Finance Minister Luiz Carlos Bresser Pereira is satisfied with the reactions his performance as head of the economic team has elicited. He reported yesterday that he had much less political support when he assumed office than he has today, both in and outside the PMDB [Brazilian Democratic Mobilization Party]. Consequently, according to Bresser, the macroeconomic plan does not run the same risk of failure due to political pressure as did the Cruzado Plan.

Due to this political support, Bresser thinks the plan will succeed despite its limitations because it was carefully thought out, discarding "an unrealistic economic policy or unbridled growth, unlimited spending, and instant gratification."

The finance minister stated that the document "Stabilization and Growth" approved by the PMDB National Convention, on the economic situation, basically agrees with his plan. He said the PMDB document is balanced, and there is no disagreement between that PMDB plan and the plan the Economic Development Council approved yesterday. This plan calls for ending the moratorium on interest payments to international creditor banks, and the PMDB document defends the moratorium, the minister explained. So, the moratorium will be lifted only if Brazil obtains better terms in the negotiations. This implies payment of lower interest rates on the $7.5 billion new credit to refinance interest payments, and the withdrawal of minor banks from the negotiations.

Arrives in Washington

PY230404 Rio de Janeiro Rede Globo Television in Portuguese 2255 GMT 22 Jul 87

[Text] Finance Minister Luis Carlos Bresser Pereira arrived in Washington today. This is Bresser's first trip to the United States since he took over as finance minister. Today Bresser visited the offices of the IDB and met with U.S. representatives and senators. Bresser told reporter Paulo Cesar Araujo what he expects to accomplish in the United States.

[Begin Bresser recording] I will not return with an agreement in my pocket because at this time Brazil is not interested in reaching an agreement with the IMF. We want to reach agreements with banks 1 or 2 months from now. That is what [Central Bank president] Fernando Milliet and Fernao Bracher [special consultant to the Presidential Advisory Commission for Negotiating the Foreign Debt] have come to negotiate in New York, that is, a possible date to begin negotiations. [end recording]

Tomorrow Minister Bresser Pereira will have his most important meetings. In the morning he will meet with IMF managing Director Michel Camdessus. Later, he will meet with Secretary of the Treasury James Baker, and in the afternoon he will meet with Federal Reserve Bank Chairman Paul Volcker [as heard]. These are the people who control the international financial market. Minister Bresser said Brazil does not want problems with any of these people. Bresser added that the Brazilian Government only seeks more balanced relations with these three people, and those with outstanding debts.

Meets With IMF

PY240332 Rio de Janeiro Rede Globo Television in Portuguese 2255 GMT 23 Jul 87

[Text] Finance Minister Bresser Pereira said in Washington today that the IMF liked the government's macroeconomic plan. The longest meeting of the day was held at IMF headquarters, where the Brazilian delegation and IMF experts talked for 1 and 1/2 hours about the present economic situation and the government's macroeconomic plan. Last night, Bresser Pereira and Michel Camdessus had dinner together, and today the managing director of the IMF inquired about the details of planned fiscal deficit cuts for 1988. Bresser later said the meeting was positive and he did not doubt that the IMF report on the Brazilian economic situation, to be revealed in 2 weeks, will be favorable.

[Begin Bresser recording] Banks respect the IMF. Therefore, a positive IMF report is good for the banks and good for Brazil. [end recording]

The second meeting of the day, with U.S. Secretary of the Treasury James Baker, lasted 1 hour 15 minutes. Minister Bresser also considered this meeting positive.

[Begin recording] [Unidentified reporter] Do you mean that they do not oppose the idea of Brazil reaching an agreement with banks first?

[Bresser] I was afraid the U.S. Government and the IMF would pose a strong opposition to an agreement between Brazil and the banks. I received assurances from the IMF and more important, from the U.S. secretary of the treasury, that they would not oppose such an agreement. [end recording].

Federal Reserve Chairman Paul Volcker greeted Bresser with a joke. You found an easy and comfortable job here, he said. Bresser recalled that someone had already told him that he had the most interesting job in the world. Paul Volcker, like the IMF chief and the U.S. secretary of the treasury, did not oppose the idea of Brazil reaching an agreement with banks before reaching an aggreement with the IMF. They all think this would be very difficult, but they would not oppose Brazil trying it.

Tomorrow in New York, Bresser will meet over coffee with the bankers themselves. He will then determine if the coffee is sweet or bitter.

FERNAO BRACHER NAMED 'MAIN' DEBT NEGOTIATOR

PY221742 Rio de Janeiro O GLOBO in Portuguese 21 Jul 87 p 21

[Text] Brasilia -- On 20 July, President Jose Sarney signed a decree naming former Central Bank President Fernao Bracher as Brazil's main foreign debt negotiator. He will deal with countries and financial organizations. Decree 94654 creates the Presidential Advisory Commission for Negotiating the Foreign Debt [Comissao de Assessoramento Presidencial para a Negociacao da Divida Externa], names Bracher as special consultant to that commission (a position he already occupies in the Finance Ministry), and authorizes Minister Bresser Pereira to name Bracher as the main negotiator in the international sector. This task can be carried out separately from or shared jointly with Central Bank President Fernando Milliet and Special Ambassador for the Debt Saraiva Guerreiro.

Although the finance minister will continue to be the commission's president and the person directly responsible for the debt negotiations, the decree was drafted in order to allow Bresser Pereira to name Bracher as the main negotiator with the bankers. With yesterday's decision, the government has reinstated a personality who was opposed to declaring a foreign debt moratorium and who, because of this position, left the government in February 1987.

LACK OF PAYMENTS DELAYS CONSTRUCTION OF ANGRA II

PY221711 Rio de Janeiro O GLOBO in Portuguese 21 Jul 87 p 24

[Text] Nuclebras President Licinio Seabra yesterday reported that CONFAB [National Brazilian Steel Forging Company] has suspended assembling the containment chamber of the Angra II nuclear reactor, and 2 weeks ago withdrew some 100 employees from the construction site due to payment delays by Nuclebras. Seabra explained that Nucleabras' overall debt to contractors and suppliers amounts to approximately 400 million cruzados. Nuclebras directors are trying to negotiate the resumption of construction with CONFAB.

According to Seabra, if Nuclebras' budget, which has already suffered many cuts, is reduced even more by new budget cuts in state enterprises, the construction of Angra II "could be paralyzed completely." The plant's completion date has been delayed again by another year. It will now be ready in 1993. Seabra is mainly worried about the high financial costs, which amount to more than $1 million daily.

Last week, Seabra explained to representatives of the Special Secretariat for State Enterprises (SEST) [Secretariat Especial das Empresas Estatais] that Nuclebras' situation is very precarious. He also explained the effects of new delays on the construction of Angra II. The country will spend some $9 billion with the construction of Angra II and Angra III; that is, it will build two nuclear plants for the price of three, according to Seabra.

The other problem worrying Nucleabra is the departure of qualified personnel due to the low salaries they receive and the lack of motivation. Part of the engineering project that had been done by Brazilians is now being done by Germans. "It's going to take magic" to reduce the number of employees without firing them, Seabra stated. Notwithstanding the budget cuts, Nuclebras' deficit amounts to 5 billion cruzados.

40 COMMUNIST LEADERS VISIT PRESIDENT SARNEY

PY211756 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 21 Jul 87

[Text] Forty communist leaders from 23 countries, who participated in a Brazilian Communist Party [PCB] congress in Brasilia, yesterday paid their respects to President Jose Sarney.

The president said the holding of the PCB congress crowned his administration's goal of achieving full political freedom and offered an opportunity for the communists to get better acquainted with Brazil and its situation, quest, and hopes.

Deputy Roberto Freyre, the leader of the PCB block in the Chamber of Deputies, emphasized Sarney's efforts toward redemocratization.

MILITARY COURT TO HEAR CASE OF ATTACK ON PINOCHET

PY231839 Santiago Domestic Service in Spanish 0930 GMT 23 Jul 87

[Text] The five justices of the third chamber of the Supreme Court have unanimously ruled that the case of the terrorist attack on the presidential motorcade on 7 September 1986 should be heard by the military not the civil courts. The court thus granted a petition filed by the Interior Ministry against a ruling by Pedro Aguirre Cerda Appellate Court.

The decision, made by justices Israel Borquez, (Ovaldo Herbeta), Octavio Ramirez, Fernando Jordan, and Ricardo Marsan, repealed a decision issued on 22 June by the San Miguel court. The San Miguel court ruled that an appellate court judge should hear the case of the attack against the president and military Judge Fernando Torres should, therefore, disqualify himself from hearing the case.

The Supreme Court decision states: Considering the resolution issued by Judge Hernan Correa de la Cerda on 4 May and the terms of Article 1 of Law 18342, which amended Article 5 of the military code, and whose clear purpose does not allow for any interpretation to modify it, it is obvious that when the Pedro Aguirre Cerda Appellate Court decided the civil courts should hear the case through one of its ministers in keeping with the terms of Article 10 of Law 18314 on terrorist actions, it has made a mistake that the Supreme Court must correct through disciplinary action. Therefore, military Judge Fernando Torres will continue to investigate the attack on the president.

COURT INDICTS ALMEYDA FOR ILLEGAL ENTRY

PY230343 Madrid EFE in Spanish 0200 GMT 22 Jul 87

[Text] Santiago de Chile, 21 Jul (EFE) -- A special Appellate Court judge of Copiapo, a city 804 km north of Santiago, today indicted former socialist foreign minister Clodomiro Almeyda on the charge of entering the country illegally.

The trial will be held in Copiapo because Almeyda entered Chile through a mountain pass in that region, in mid-March. After arriving, the former minister in the Salvador Allende administration voluntarily appeared in the court, which did not press charges against him.

In view of this, General Augusto Pinochet's government banished Almeyda for 90 days to Chile Chico, 2,433 km south of Santiago. On 26 June he was sent to Santiago's Capuchinos Prison, where he is awaiting trial.

The government has made three charges against Almeyda. The first two charges, violating the antiterrorist law and illegal entry, are being handled by two special judges appointed by the Appellate Court. The third charge was made in the Constitutional Court, which was asked to take away Almeyda's rights to vote and hold public office because he has been "advocating doctrines based on class struggle."

Special Judge Hugo Fuenzalida, of the Copiapo Appellate Court, said he will notify Almeyda of his ruling through a formal note he will send to Santiago.

'KEY EXTREMIST' IN ARSENALS CASE ARRESTED

PY220336 Madrid EFE in Spanish 0358 GMT 21 Jul 87

[Excerpts] Santiago de Chile, 20 Jul (EFE) -- Military prosecutor Fernando Torres today confirmed the person, he called the "key extremist" in the case involving the smuggling of arms into northern Chile is under arrest.

Torres told reporters in Copiapo, a city 804 km north of Santiago, that the man under arrest was the first mate on one of the schooners which, according to the Chilean Government, picked up the arms from Cuban ships out at sea and brought them to Chile. [passage omitted]

Torres, who did not reveal the identity of the arrested man, has been in northern Chile for 9 days conducting an investigation in the areas where the arms were found.

The military prosecutor said "it is possible that investigations in the area will disclose new arms caches."

PRESIDENT PINOCHET APPOINTS UNDER SECRETARIES

PY240102 Santiago Domestic Service in Spanish 2300 GMT 23 Jul 87

[Text] The president has accepted the resignation of the Economy Ministry under secretary. In keeping with his prerogatives, the president has accepted the resignation of Army Colonel Jorge Valenzuela Duran and appointed (Norman Bull de la Jara) to replace him. Moreover, the president decided to appoint Lieutenant Colonel (Dante Santoni Copiano) as the new Finance Ministry under secretary.

The new appointees will assume their duties on 27 July.

SEVEN POLITICAL PARTIES IN PROCESS OF FORMATION

PY220236 Santiago Domestic Service in Spanish 2300 GMT 21 Jul 87

[Text] According to a chart made by the National Electoral Service, seven political parties are in the process of formation in keeping with the political parties law.

The chart gives the names of the parties, the dates they started legal registration procedures, as well as the expiration date of the 206-day period from presenting the 35,000 party supporters' signatures necessary for registration.

The names of the seven parties and their registration due-dates are as follows: National Party [Partido Nacional], 20 November 1987; National Renewal Party [Renovacion Nacional], 5 December 1987; Radical Democracy [Democracia Radical], 18 December 1987; Southern Party [Partido del Sur], 19 December 1987; Humanist Party [Partido Humanista], 25 December 1987; National Vanguard [Avanzada Nacional], 25 December 1987; and the Social Democratic Party [Social Democracia], 25 February 1988.

The chart showing the progress of these seven parties' formation is placed on the office wall of the National Electoral Service party registration chief.

BARCO ADDRESS OPENS CONGRESSIONAL SESSION

PA211925 Bogota Television Service in Spanish 2224 GMT 20 Jul 87

[Speech by President Virgilio Barco at the Senate -- live]

[Excerpts] Mr President of the Sentate; Messrs members of the board of directors; honorable Senators: Our Constitution establishes that it is the responsibility of the president of the republic to open the sessions of Congress and the present, at the beginning of each legislative session, a message on the administration's actions. I am here to fulfill these duties. However, to me this occasion has a meaning that trascends the fulfillment of a constitutional requirement. In less than 1 year we have succeeded in substantially changing the way in which Colombia is governed. This political change gives special value to the presidential message. More than fulfilling a duty, this message is an opportunity to visit the hosue where all political forces -- including those supporting the government and those that oppose it -- assemble to urge them to evaluate my administration's initial course and to, within their sphere of action, foster realistic solution of government or individual initiatives to resolve the complex problems of our society.

Upon beginning my administration, I said I was not asking for grace periods. I am not requesting one now. I believe in the benefits of criticism, of open and frank discussions. I am confident your comments and proposals will respond to a desire to serve Colombia and to exercise the political control that the Constitution entrusted to you and not to partisan or political ambitions. This occasion is also an opportunity to explain to the Colombian people what we have done and what we will do. Last year I made a commitment to the entire nation: a commitment to change, to build a new Colombia. The result is positive, but there is much yet to be done. I am certain that if we work spurred by the national interest with dedication, imagination, and effort, we will be able to do it.

The first step on the path toward building a new Colombia is that of changing the way in which we are governed. I can state with satisfaction that we have taken that fundamental step without the predicted traumas. On 17 November 1985, horrified by the devastation and death caused by the atrocity of men and distressed by the destruction left by natural events, I said it was necessary to examine the bases of our institutions. The valuable lives of our magistrates and soldiers had been shortened. Tens of innocent people had been consumed by flames. The Nevado del Ruiz [Volcano] razed a prosperious community, which could have, perhaps, guided by the foresight of its leaders, avoided the blind fury of nature. The holocaust and the catastrophe, in lieu of causing outrage and criticism, generated a call to silence, resignation, and conformity. I then urged the Liberal Party not to heed that call; to demand explanations; not to let itself be confused by the argument that the institutions were in danger; to defend, above all, the interests of the Colombian people, and it did so.

Faith in democracy so demanded it. The moment had come to reject the worse system of governing: governments that do not account for their actions to the people who elected them. That is why on that same day I said I wanted to lead a government with liberal programs to benefit all Colombians and that I did not want to preside over a government without opposition -- hopefully a constructive one. During the past electoral campaign, the majority of citizens widely supported this propsal. Nonetheless, our Constitution contains procedures that hamper this change in the relations between political parties.

As is well known, Paragraph 1 of Article 120 of the Constitution establishes two stages for naming the top positions of the executive branch. First, it obligates the president of the Republic to offer adequate and equitable participation to the largest party other than his own. Second, if said party decides not to participate in the executive branch, it authorizes the president to form the government in the way he considers most adequate.

With the intention of strictly following this constitutional procedure, before taking office, and although the Conservative Party had announced what it termed its "reflexive opposition" I invited the National Conservative Directorate, legitimate authority of that party, to gather enough information to appoint the new ministers. Afterward, as president of the Republic, I formed the cabinet, offering the Conservative Party adequate and equitable participation, as stipulated in the Constitution. I designated three prominent members of that party to hold important portfolios. These designations were not accepted by the Conservative leaders. In view of this, I proceeded to fulfill the second constitutional stage in the integration of the executive branch.

I appointed a ministerial team made up of 12 Liberal Party members and a distinguished general of the republic, who is not a member of any partisan group. The change in the relationship between political parties and in the government permits me to state optimistically that we are building a new Colombia.

We achieved a new Colombia without facing what the enemies of change were hastily forecasting; we have shown that threats, hard-line positions, and fatalistic omens were part of an strategy to prevent change and confuse the public. Some people forecasted a resurgence of partisan violence; they were wrong. We have actually seen a strengthening of an open, civilized, and democratic dialogue. Others forecasted that the government would unleash political persecution against members of opposition political parties; they were also wrong.

The contrary is true. The government assumed the defense and protection of the opposition, not just with words, but with actions. It gave specific instructions to governors to abstain from discrimination on the basis of political affiliation in the distribution of posts. It promoted a draft bill on national administrative careers by submitting a draft bill on departmental and municipal administrative careers. It created a special tribunal to investigate treacherous and vile attacks on the lives of political militants and leaders. It has granted equal television space under equal conditions to all parties. It has continuously encouraged and tolerated criticism even when it has been hasty, impertinent, and unjust.

Others forecasted opposition sympathizers would be fired en masse from their jobs. They were also wrong. Instead, people from various political sectors have been included in the Executive Branch. Not only are the two traditional parties represented within the administration, but spokesmen of the Patriotic Union are working with the government from mayoral offices for the first time in recent Colombian history.

The most recent forecast was and continues to be even more exaggerated and unreal. it has been said that if we do not return to the old joint government system with shared responsibility, we will never overcome the dark future facing us. Because this warning is one opposition party's only clear stand and because of my promise to listen to its proposal, I will devote special attention to this.

Over and over again, in varying tones, spokesmen opposing change have been proposing that the government use its power to appoint officials to tame the opposition; to return to the bipartisan unity government system. What do they promise with this kind of unity? That we would automatically solve all problems we have faced during the past few years with a coalition governmemt? I believe that the Conservative Party opposition is proposing a solution that is no longer efficient.

That is why its untimely proposal to return to the past is not convincing. I feel it would be easier to silence criticism against my government by incorporating opposition members into the cabinet and the group of governors and their secretaries. However, I believe that Colombians would not benefit from this.

Unfortunately, that solution is no longer useful. Undoubtedly, unity equals might, but giving high-level government posts to opposition parties does not bring about unity; it is a deceiving coalition. It would only transfer division from the public arena to a closed room.

We all know that some basic aspects of my Liberal Party program are rejected by opposition parties. A government without firm objectives cannot rule efficiently. Giving out government posts does not lead to unity.

I believe that a government should be firm in carrying out its plans; however, it should not be intransigent regarding the means to achieve them.

In the same manner, I urge opposition parties to contribute with their political force concentrated in Congress and public institutions to building a new Colombia. I also invite them to supervise my government's actions, not only because I believe a frank dialogue between equal people who respect each other despite their different views contributes to finding solutions and arouses imagination, but above all bacause I am convinced that a government's success depends highly on the sincerity, vigor, good judgment, good faith, and political insight of opposition leaders.

These are the first advantages of the political change we have achieved. A real opposition -- in other words an opposition which is on the alert and watchful in defending the interests of the Colombian people sacrificing partisan and personal interests -- ensures the government's diligent attention to national interests, particularly of the people's urgent needs. It also ensures prompt government actions, or a timely revision of mistaken plans. In this manner, the government governs better, all of Colombia progresses, and all Colombians receive the benefits.

Political changes not only generate the necessary incentives to move toward a new Colombia, but also strengthen and broaden our democracy, revitalize elections, bring the elected officials and the electorate closer, strengthen Congress, contribute to the modernization of political parties, and discourage bureaucratic indifference, inefficiency, and corruption. Our democracy is strengthened because within the new government, structures elections have more meaning. In the past, voters did not really choose their leaders. Regardless of the results, leaders of the two traditional parties governed. Elections did not set the course to be followed by the government, because even if the proposals of the two traditional parties were different or contrary, the two parties ruled the country jointly. That is why I am not surprised at the apathy and indifference shown by many citizens on election day.

However, with the political changes we have achieved, the situation will be different. Citizens have already discovered -- as in May 1986 -- that their vote is very important. They have realized that through their votes, they can elect a government to replace another and that they can choose between the policies they want and the ones they do not want. In sum, they know elections are truly a mandate.

Our democracy is strengthened because within the new government scheme, the ties between citizens and the elected officials are closer. In the past, the ruling parties were not responsible for the government's work. It did not matter whether the government did a good job or not, as the parties knew they would still be in the government after the next elections. From now on, the government and its parties must give an account of their work to the citizens. They will have to prove they did a good job; otherwise, the majority of the voters could change their vote in the next elections and choose the alternative offered by the opposition. If they can prove they did a good job, they deserve to continue in the government. The principle is simple, but wise: He who succeeds remains; he who fails must leave. In addition, the fact that the government must govern for the benefit of the people to remain in power in power and receive a vote of confidence from the citizens, obliges the government party to care about and identify the people's needs, to reply to the just demands, to resolve their problems promptly; to serve the people. The government party will never forget -- not even after winning the elections overwhelmingly -- its mission, which is to use the government not for its own benefit, but to serve all Colombians, weak and strong, poor and rich, the forgotten and the chosen. It is no longer a matter of winning the elections for the sake of winning, but of winning to work for the benefit of all Colombians. [passage omitted]

We cannot fall into the temptation of turning our frustrations into myths, such as saying that this regime staunchly opposes conducting each and every one of its policies through consensus. And so, I have done nothing but to keep the promise I made when I took office as president of the Republic to the effect that our foreign policies will be based on our best traditions and on a national consensus to preserve the fatherland's higher interests.

Although this government's actions have been crystal clear, some have tried to revive the phantoms of hegemony and sectarianism in opposition and with ill intention. They want to gamble with fear, the nightmares of the dark past, and the anguish of party violence of past times. They try to appeal to the emotions of the Colombian people to disrupt their sound judgment and aspirations for a political change. They have described as a backward step what is truly a step forward: the strengthening of our democracy. They are the ones who profit from a situation where there is little regard for the needs of the hungry, the ailing, the weak, and those struggling to forge ahead.

After 1 year in office, I think those bent on returning to an era that we have overcome have failed. We have certainly taken steps toward a government that does not use its power to control all aspects of society, to persecute those who do not share its program or endeavors, or to suppress criticism or dissent. We have proven that in Colombia there can be a government and a program that is tolerant, not hegemonic or sectarian. It is now up to the opposition to prove that it is not going to abuse that tolerance but that, instead, it will take advantage of it to strictly supervise the government for the sake of all Colombians and not for selfish interests.

I propose that we not continue this archaic debate and that we admit that a system consisting of a government and an opposition party represents a major breakthrough to modernizing our public institutions.

The meting out of jobs cannot continue being a topic of controversy in a country that has poverty, unemployment, inflation, guerrillas, and organized crime. We prefer to dedicate our efforts and capabilities to the endeavor of building a new Colombia. Let us set that Byzantine attitude aside. This is the time for action. Let us forsake the attitudes and actions that gave rise to the National Front, and let us gain strength from those aspects that were a fruitful inspiration. Let us appeal to our imagination and realism, although we may disagree, to find the means to coexist in a civilized manner.

I cannot think of a more opportune moment than this one to say to those bent on carrying weapons, sowing death, and fostering grief that well-intentioned, sincere, and open discussions lead to a stable peace and a better life. Since taking office as president, the Conservative Party has maintained that the government does not want to talk with opposition parties. Meanwhile, the government has constantly asked for a dialogue and has said that it has always been open for talks.

Some Colombians must be confused, and no wonder. That is why I want to spend a few minutes explaining this apparent contradiction. The country's public or political forces can hold talks in two ways. The first way, which the Conservative Party proposed, is to hold closed-door meetings in a private room. The Conservatives want the government to consult with them on its decisions beforehand and in private or to be invited to rule with the party that won the election. The people do not know the development or the results of these private discussions unless the privileged participants decide to reveal, by common agreement or on their own, what happened in those meetings. The second way to hold a dialogue consists of exchanging our ideas in the Congress of the Republic, in the assemblies and councils, on radio and television, and in the newspapers and public squares. All of us can participate in this dialogue. No one needs a special invitation to continue talking or learn about the way the problems that are affecting them or their children will be resolved. There are no privileged guests. All Colombians are the hosts. Because all of them are citizens, all must attend these discussions. All can express their views directly or through their elected representatives. The debate of ideas is conducted in front of the people. The people will judge who did right and who did not, who knew how to take better care of their needs, and who spent his time solely defending his interests.

This is the true democratic dialogue which this government is summoning. This is the dialogue which the government has implemented and will continue implementing so long as Colombians so wish it and the fatherland benefits from it. Democracy is not just a matter of casting and counting ballots, but also the commitment to listen to views and to try to understand the others' views. Open and participative dialogue is preferable to private and excluding dialogue, except when dealing with matters regarding internal security or the state's international interests. At least that is how we, who believe in the common man, construe it. We hope to enrich our views with the views of others and we wish for all to participate with equal conditions and rights in building our own future.

It would not be acceptable that the few and powerful make decisions while the majority, who are weak, suffer the consequences.

Usually, when those in power make mistakes, they do not lose their lives or jobs, their families do not have to go hungry and overcome their worries, and their children are not the ones unable to attend a good school or receive medical attention. We must return power to the people.

We must stop insisting that the first way of holding talks, that is, closed-door meetings, is the only alternative. Dialogue viewed in these terms will probably lead to a number of hidden transactions which are conducted behind the voters' backs, or it will be an invitation to forget or avoid the commitments made during elections to the people and to the interests that they represent.

Frequently, this is the kind of dialogue which is beneficial only to a small group of privileged individuals who intend to rule or benefit from the government without having been chosen by the majorities and without answering for their actions.

Finally, there is another powerful reason to prefer a true democratic dialogue. We live in a society that is divided by poverty, separated by mountains and rivers, different in the fields, towns, and cities, with institutions seriously affected and split up because of varying interests and groups in conflict. This is true. But it is also true that we live in the same territory. We are part of a single nation. We have a common destiny. We cannot allow our differences to make us get carried away and become blind. However, we cannot close our eyes to dream that these differences do not exist. We must learn to benefit from our disagreements. The way to do this is not by pretending these disagreements do not exist, or by confronting one another, challenging one another, or accusing one another, but by holding democratic dialogues.

Only in this way can we, responsible officials and citizens, participate on an equal basis and forever in the effort to change this conflict into a new consensus based on a common awareness and political view. The creation of this new consensus depends on our ability to change the way we are ruling ourselves, because there is a fragile consensus tied to secret pacts, there is the political consensus stemming from a truly democratic dialogue.

In a recent statement, the Conservative Party leadership seems to have stopped insisting on a proposal for a dialogue under conditions and behind closed doors. It is unnecessary to mention, because it is obvious, that this leadership has refused to participate in a dialogue without conditions with the president of the Republic, thus showing a remarkable difference with the other political forces that, time and time again, have discussed matters of national interest without feeling their political position would lose importance. This form of a dialogue is natural and is part of routine political life.

I trust the time will come soon when the Conservative Party leadership will participate, gladly, in all forms of dialogue, particularly the truly democratic dialogue promoted by this administration. I trust that then it will channel its resources to help Colombians instead of obstructing government actions.

I hope that for everyone's good, that when historians look at this past they will not say what Lord (Devlin) said in the mid-19th century: The role of the opposition is very simple, to oppose everything and not to propose anything. [passage omitted]

The new society we are building is less egalitarian and more just, a society in which real opportunities exist not only so that those who struggle to get ahead will succeed in doing so, but also a society in which resources and welfare will be equally distributed. To advance in this direction, the government has adopted various programs.

First, it has undertaken a plan for the eradication of absolute poverty, which is part of and supports the National Plan of Rehabilitation, Normalization, and Reconciliation that will lead us to peace. The idea is to include thousands of Colombians who have not received the minimum benefits of our social organization into the program to incorporate them into the social life and civil activity. During the past administration, efforts were made to incorporate into the community various groups that had rejected traditional patterns of coexistence. The guerrilla groups were the main beneficiaries. Our program of incorporation is directed not so much toward those who have voluntarily placed themselves outside of the law but toward those who are alienated against their wishes. That is why not only a few will benefit. The turn has come for all the poor and for the most needy and most dispossessed Colombians. It is time that those Colombians who have enjoyed fewer of the advantages of living in society have the opportunities, rights, services, and protection that society can offer them. Those who have less should receive more; those who have benefited less from economic development should now benefit more from it. Those who have obtained little from the modernization of the state should now obtain much more. Those who have traditionally not enjoyed the basic services of health, education, transportation, electricity, and telephone must have access to them. Those who have been neglected must now be our primary concern. The revitalization of democracy, respect for human dignity, and sensitivity to popular needs demand this.

Second, the government has supported two reforms connected with the distribution and social utilization of property. To this effect it has introduced two bills in the Congress of the Republic. The agrarian reform strives to give -- without trampling legitimate situations -- those who do not have land the possibility of working the land and having access to credit and other economic, technical, and social benefits indispensable for its productive exploitation. The urban reform is necessary to acquire at a just price and without delay, and if this is not possible, to expropriate -- also at just prices -- those parcels needed so that housing for the poorer sectors will not continue having to be built in areas lacking public services, schools, hospitals, and which must be reached via long and uncomfortable drives. The reform also strives to liberate the poorer families from the slavery of working only to pay for housing. We will succeed in ensuring that sufficient forms of access to adequate housing will exist, that rental or purchase prices will be comfortable, so that important portions of family incomes can be used to purchase food, clothing, and other basic goods, and to tend to the needs of education, health, and recreation.

Third, the government has worked intensely on policies to generate employment. The unemployment rate has diminished considerably since the time when I assumed office.

Fourth, during the past legislature, the government promoted tax reform in the Congress. It benefited the middle and humble classes. It increased demand. Our industries and commerce were revitalized, thus generating new jobs. In addition to this, the tax reform guaranteed sources of income needed by the state to fulfill its social functions and duties.

During my recent address, I referred in detail to the noticeable improvement of the country's economic situation. Reports by the members of the cabinet include the details of each program. Now I will mention only the most meaningful indicators. The tax reform that the Congress of the Republic approved during its last period of sessions undoubtedly marked an important milestone for the economy. It is only fair to share this accomplishment with the gentlement of the Senate and Chamber of Representatives. The reform increased revenue during the first 5 months of the year; at the same time it stimulated private economic activity by making investment attractive. This is evident in the data on production and employment. Employment figures are truly encouraging because they confirm a substantial reduction of unemployment in the period from June 1986 to June 1987. Thus, we have 6.2 [percent unemployment] in Barranquilla; 2.2 in Bogota; 4.7 in Medellin; 1.0 in Cali, and increases only in the city of Bucaramanga. The number of newly employed increased by 211,000 four major urban centers over the past 12 months. A similar trend was observed in cities like Manizalez, Cucuta, Pereira, Pasto, and Villavicencio.

Equally positive are the results obtained in the field of foreign trade, thanks to the maintenance of appropriate and stable exchange and tariff policies, which have made that activity a source of dynamism in the economy. The evolution and diversification of nontraditional exports, including manufactured products, have increased -- according to the data -- to rates of 26 percent in the first half of this year, as compared to the same period in 1986. Along with the trend in oil and coal exports, this allows the country to march down one of the most unfavorable periods of its history in terms of foreign coffee prices without serious trauma and with justified optimism.

These three accomplishments, which are the result of policies adopted by this administration, will allow the country to benefit from an acceptable growth of approximtely 5 percent. These favorable results and the solidity of our economic policy are also ackowledged abroad.

These are the reasons why commercial banks have formally expressed their intention to grant the country requested foreign financing in the amounts and for the purposes the government has requested, under financing terms previously agreed upon which can be described as the best that have recently been obtained in market negotiations. Multilateral organizations and commercial banks believe the solidity of our outlook is the best guarantee of our capacity to honor the obligations we have acquired. This is why this financial operation will not require any special commitment with the IMF regarding our economic policy. [passage omitted]

Central America: On 6 June 1986, countries of the Contadora Group and the so-called Support Group presented to the five Central American states a final version of the document for peace and cooperation in Central America, which was the product of more than 3 years of difficult negotiation. Unfortunately, the proposal prompted observations by Central American states, and this led to an intensification of the regional conflict. To date, other kinds of efforts have not brought about the achievement of a verifiable and overall agreement between the parties. This, notwithstanding, the Contadora and Support Group countries are continuing to follow up the regional situation with the greatest of care and attention and are maintaining their willingness to remain as mediators.

That is why Colombia is disturbed to see actions carried out to destabilize certain governments in the region. Nobody can assume the right to meddle in other states when they are not in line with their own political or ideological parameters. Our acceptance of this would establish fatal precedents and constitute a return to a period of time that we had already left behind; we cannot allow undue pressure.

The Conciliation Commission of the 1939 treaty: In early May, the national government complied with commitments mandated by the treaty of nonaggression, conciliation, arbitration, and judicial settlement, which was signed with Venezuela in 1939, when it appointed its two members to the Permanent Conciliation Commission, which was established by that treaty. Colombia also proposed a candidate as the fifth member of the commission. Unfortunately, the Venezuelan Government publicly announced that it would not appoint its commission members although it was precisely the government of that sister republic that repeatedly proposed to Colombia the formation of that commission saying, that time that this was one of the last wishes of the founder of the fatherland.

Colombia reaffirms its genuine pacifist inclination and its unchanging policy in favor of peaceful solutions to controversies through the various precedures specified by international law. We believe it is not appropriate that controversies which have not been settled after decades of unsuccessful negotiations remain without appropriate definitions, and more so if such differences become the object of speculation and popular debate. Since remote times, peaceful solutions of controversies have been instruments to preserve peace and coexistence between states, but they can never be seen as instruments against the rights of one of the parties in a conflict.

The concordat: The national government believes the Catholic religion is an essential element of social order and thus the Catholic Church, without impairing state constitutional privileges and freedom of religion, has all our support to properly carry out its noble pastoral mission, which is glorified in an unequaled way by his Holiness John Paul II. With that purpose in mind, the government, as the trustee of national sovereignty, is determined to reach an agreement with the Holy See to repeal or modify agreement of the current concordat restricting state powers to regulate important aspects of family rights, such as matrimony and the [word indistinct] to the freedom of education, which are guaranteed by the Constitution. This will allow an even more solid and stable relationship between church and state that will constitute an incentive to make pastoral work in our fatherland more active and dynamic, as has been evident in most states with a mostly Catholic population such as Colombia.

Cooperation in the fight against drug trafficking: Our country -- perhaps as no other state -- has paid a high price in blood and grief in the struggle against drug trafficking and terrorism.

This struggle, which is unprecedented in the world, will continue with the same strength and determination. However, I reiterate that all efforts will be in vain if consumption in large consumer countries is not simultaneously and severely repressed, if plantations in large producing countries are not destroyed, and if financial means promoting transactions, which serve as accomplices to becoming rich fast, are not closed down.

We do not need exhortations. If there is no united international action against a criminal organization that is international in purpose and formation, which seeks refuge under those circumstances to prevent a prompt and efficient action of justice, the struggle will be in vain. Nobody should be decived. Drug trafficking is not a problem involving only one nation; it is not even a bilateral issue, but a world problem. It should be understood in this way, and it should be fought with this understanding.

The extradition treaty with the United States: With regard to the extradition treaty with the United States, Colombia has upheld and will continue to uphold its unchanging and loyal respect for international law and the basic principle of the inviolability of international treaties. This is the basis of the relationship and coexistence between states and the guarantee of peace and stability in international relations. In that same manner, however, the executive branch -- loyal to the principles that rule or institutional organization -- will abide by the decisions of the Supreme Court of Justice so far as the extradition treaty signed in 1979 with the United States is concerned.

Honorable Senators, you represent the entire nation: That is why I want, from the Congress of the Republic, to tell all Colombians this government's most heartfelt desires. I want the children to know I am totally convinced the best investment a society can make is to feed them, educate them, and allow them to play. I will not allow society to abandon them in their defenselessness, destroy their imagination, their generosity, their sweetness, and their sincerity.

I want the poor to know I am convinced that poverty is more than a lack of money; it is an endless chain of sorrow, frustration, sadness, and nightmares. That is why I have been, am, and will be the spokesman of their interests so the government and society will give them what it, in fairness, owes them.

I want the inhabitants of neglected areas to know that they, too, will benefit from progress. Roads will reach the villages, there will be radio, telephone and power, there will be education and medial assistance for their children and their families. They will have all this, not because they are asking me for it, not because they are threatening me if we do not do it, not because we want to gain their support, but because it is something essential.

I want the guerrilla groups who insist on the goal of destruction to be fully aware that many revolutionaries end up becoming mere prisoners of a bloody utopia or violent action, if they do not drift toward mere organized crime. I want them to realize the country is sick of so much barbarity and violence. The country does not listen or follow you. The entire population rejects you because they deeply want peace for all Colombians.

I want youths to know they are not heirs to Colombia, but rather that Colombia's future depends on them. For that reason, this government will try to give them the necessary opportunities so they can safely assume the tremendous responsibility that they are bearing. The government invites them to contribute with their aspirations and energy to the task of building a new Colombia.

I want all citizens, men and women, to know the opposition parties' commitment is just as great. They have the commitment to show they can supervise the government without obstructing its duties and the commitment to present themselves as an alternative government without obsessively predicting falling into an abyss. They have the commitment to point toward the horizon and not to become nostalgic.

I want all citizens, men and women, to know we are living in a historic moment, as happened in 1937 and in 1957, and that I will continue abiding by the pledge I made to the people, to all Colombians, to promote from the national government a change toward a new Colombia.

I formally declare the sessions of the honorable Senate open for the 1987 period. Thank you. [applause]

CONSERVATIVES CHANGE NAME TO SOCIAL CONSERVATIVES

PA231348 Madrid EFE in Spanish 0033 GMT 20 Jul 87

[Text] Bogota, 20 Jul (EFE) -- The Conservative Party of Colombia, one of the two historical political groups of this country and one of the most active and prestigious groups of Latin America, will be called the Social Conservative Party [Partido Social Conservador -- PSC] as of today.

The name change was proposed and defended by former President Misael Pastrana Borrero (1970-74), a top party leader. The party, which presently belongs to the opposition, was created last century by another president, Mariano Ospina Rodgriguez (1857-61). The change was approved early this morning after 11 hours of discussion by the board of parliamentarians and the regional party chiefs. The vote was 84-30.

The Conservatives have shared power in Colombia with the Liberals from 1958 to 1986, first alternating the presidency and later through an agreement whereby -- regardless of who won the elections -- the cabinet posts and the main public posts were equally shared.

When the current Liberal president, Virgilio Barco, took over the Presidency, he announced he would have "an administration of the party," and he offered the Conservatives only one-fourth of the cabinet posts.

The Conservatives decided not to accept the posts, and remain in the opposition, which put an end to nearly 3 decades of cooperation and distribution of public power. The PSC parliamentarians and regional chiefs also approved reforms to several points of the party statutes, which had not been modified since 1937.

The adopted reforms refer to who can attend the national assemblies with a right to vote, the way in which the National Conservative Directorate is elected, and other issues of internal party politics.

The defenders of the name change argued that the Conservative Party had always been a "social party interested in the basic problems of society."

The opponents, on the other hand, claimed that this might represent a loss of the party's traditional identity, or that this was a hairsplitting issue to discuss at a time when the country had many other important problems.

SALDIVAR LEAVES FOR BRAZIL; PORT DISCUSSIONS

PY211438 Asuncion HOY in Spanish 21 Jul 87 p 11

[Text] Foreign Minister Carlos Augusto Saldivar traveled to Brazil on 20 July to formalize a bilateral agreement for free port facilities in Rio Grande (Rio Grande do Sul State).

Enzo Debernardi, the president of ANDE [National Power Adminstration]; Senator Ezequiel Gonzalez Alsina; Antonio Colman Rodriguez, Itaipu's Binational legal adviser; and Jesus Gutierrez Tanasio, the Foreign Ministry's deputy director for protocol, are accompanying Saldivar.

The terms of the agreement, which is to be most likely signed on 22 July at Itamaraty (the Brazilian Foreign Ministry), will be studied during today's meeting between Saldivar and Brazilian Foreign Minister Roberto Abreu Sodre.

Through this agreement, Paraguay will obtain a special concession to use the deep water port of Rio Grande, located on the Atlantic Ocean. Paraguay will channel an important part of its foreign trade, especially exports, through the port because it will be able to use existing installations, including the railroad which offers competitive freight rates.

Signs Agreement; Returns

PY231545 Asuncion HOY in Spanish 23 Jul 87 p 14

[Excerpts] Foreign Minister Carlos Augusto Saldivar returned last night from Brazil after signing an agreement regarding a free port in Rio Grande and evaluating important bilateral issues with his colleague Roberto Abreu Sodre. [passage omitted]

Saldivar and Brazilian authorities also discussed the granting of another free port at the port of San Francisco do Sul, Santa Catarina State. State authorities have made the offer and the negotiations are under way. [passage omitted]

POLICE AGAIN PREVENT JOURNALISTS' MEETING

PY231530 Asuncion HOY in Spanish 23 Jul 87 p 7

[Excerpts] For the second time, the Paraguay Journalists' Union (SPP) could not hold its general meeting due to a large police blockade. Police prevented SPP members from entering the headquarters of the Federation of Bank Workers (FETRABAN), where the meeting was to have taken place.

It must be recalled that the same thing happened on 15 July. At that time it was said the police acted because the appropriate request had either not been made, or had been made too late. For yesterday's meeting, the SPP's executive board informed the police well ahead of time, but the police still cordoned off the location and prevented people from entering.

When the union leaders were consulted last night, they said they did not know why the police prevented the meeting. [passage omitted]

IGLESIAS SLAMS MILITARY ASSISTANCE IN REGION

PY231825 Madrid EFE in Spanish 0515 GMT 23 Jul 87

[Text] Montevideo, 22 Jul (EFE) -- Uruguayan Foreign Minister Enrique Iglesias said that military assistance to any force operating in Central America "is not the way to promote peace in the region."

In comments to the press, Iglesias added that Uruguay will not change its position regarding the possibility of the Reagan administration granting more assistance to the "contras." Iglesias emphasized that "any military assistance, not only to the contras but to any other force, is contrary to the main goal we are advocating, that is, diplomatic negotiations." The foreign minister reasserted that "I have repeatedly made this statement."

Uruguay, along with Argentina, Brazil, and Peru, is a member of the Contadora Support Group, which seeks to achieve peace in the Central American area of conflict.

Iglesias confirmed that after a "summit" of the presidents of the five Latin American nations, the foreign ministers of the Contadora Group and the Contadora Support Group will meet in Sao Paulo, Brazil, in August.

PARTY PRESIDENT FERREIRA ALDUNATE 'SICK'

PY151907 Montevideo Radio El Espectador Network in Spanish 1600 GMT 15 Jul 87

[Excerpt] The National Party Executive Board has met to discuss various issues without the presence of party President Wilson Ferreira Aldunate, who is undergoing medical examinations in the Impasa Clinic.

The National Party Executive Board today held its usual weekly meeting in the Green Hall of Congress. Senator Carlos Julio Pereira was interviewed regarding the absence of Ferreira Aldunate.

[Begin Pereira recording] The party president was absent because he is sick. We held the meeting normally and discussed various issues. [passage omitted] [end recording]

FOREIGN MINISTER IGLESIAS VISITS CYPRUS

For a report on a 3-day visit [15-18 July] by Foreign Minister Enrique Iglesias to Cyprus including his meeting with Foreign Minister Yeryios Iakovou, President Spiros Kiprianou, and other officials, including the signing of a cultural, educational, and scientific cooperation agreement, see the Cyprus section of the 15 July Western Europe DAILY REPORT and subsequent issues.